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Canada. Parliament.  
House of Commons. Special  
Committee appointed to  
consider the Resolution to  
Give the Government of  
Canada Control over Ocean  
Rates.

Proceedings...














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COMMITTEE  
ON  
OCEAN RATES

Vol. I

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Canada.  
PARLIAMENTARY SESSION, 1925

Parliament, House of Commons

(Special Committee appointed to consider the  
**Resolution**  
to Give the Government of Canada Control over  
Certain Ocean Rates)

[and Reports]  
**Proceedings of the Committee**

[Vol. I]

No. 1—Tuesday, April 7, 1925

to No. 15.—May 13, 1925

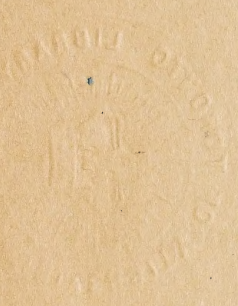
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ORGANIZATION

COUNSEL

Mr. H. J. Symington, K.C., Winnipeg, appointed to assist the Committee.  
Messrs. A. W. Atwater, K.C., of Montreal, George H. Montgomery, K.C., of  
Montreal, and E. P. Flintoft, of Montreal, representing the steamship companies.





1912  
F. L. B. M.



# MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 268,

TUESDAY, April 7, 1925.

The Committee met at 10.45 a.m. o'clock for organization.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, and Stork—11.

On motion of Mr. Rinfret, seconded by Mr. Stork, Mr. McMaster was selected as Chairman of the Committee.

After thanking the Committee for the honour the Chairman read the following

## ORDER OF REFERENCE

HOUSE OF COMMONS,

FRIDAY, March 20, 1925.

*Resolved*, That the following Resolution be referred to a Special Committee:—

*Resolved*, That to give the Government of Canada control over certain ocean rates it is expedient to ratify and confirm the agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in the schedule to this resolution, and dated the eleventh day of December, one thousand nine hundred and twenty-four, and that in view of the provisions of said Agreement giving the Government control over such rates and of the services to be performed thereunder, the Governor in Council may authorize payment out of the Consolidated Revenue Fund to the said Sir William Petersen, K.C.B.E., of an annual amount of two hundred and seventy-five thousand pounds in the manner and for the period provided for in the said Agreement.

## SCHEDULE

### ARTICLES OF AGREEMENT

made this eleventh day of December in the year of Our Lord 1924,  
BETWEEN

His Most Gracious Majesty King George V represented herein by the Honourable Thomas A. Low, His Majesty's Minister of Trade and Commerce for the Dominion of Canada, hereinafter called "the Minister," of the one part; and Sir William Petersen, Knight Commander of the British Empire, of the City of London in that part of the United Kingdom of Great Britain and Ireland called England, hereinafter called "the contractor," of the other part.

Whereas it having come to the knowledge of His Majesty's Government in Canada through repeated and continuous representations made by the agricultural community of the Dominion and the manufacturing, producing, commercial and financial interests as well as the general merchants throughout the country, that these trading communities and interests have been and are still seriously handicapped and hampered in their trade relations with overseas countries in bringing their products to such markets and there disposing of them profitably

owing to certain difficulties and disadvantages which have been artificially created, and it has been shown that such difficulties and disadvantages are due largely to transportation conditions and the uncertainty of ocean rates indiscriminately placed and imposed upon their goods so exported from time to time, such rates being levied by ocean shipping combines and under the control and jurisdiction of such combines or shipping conferences;

And whereas the consumers of Canada are also interested in the control of ocean rates charged on commodities shipped from British and European continental ports;

And whereas the Government of Canada after an investigation of the representations brought to its knowledge and after giving the same serious consideration has thought it wise to adopt such means as may be deemed expedient and necessary to exercise such supervision and control of trans-Atlantic freight rates as it is possible for them to do and thereby as far as possible to prevent and defeat any unreasonable excess or overcharge in ocean freight rates as exercised by such ocean shipping combines or conferences to the loss and detriment of its citizens and has reached the conclusion that in order to more fully safeguard the interests of its citizens it would be well advised to enter into an arrangement whereby it may exercise such control or supervision and whereby it may improve the conditions under which the products of its citizens are exported or imported;

And whereas the contractor has offered to supply a fleet of ten up-to-date new ships of the most modern type with all the latest known appliances for ensuring economy, speedy and cheap transportation and fitted in every respect for ocean service, some of which ships are now in course of construction and all of which are to be approved by the British Board of Trade and are to have the highest classification at Lloyd's and Bureau Veritas Shipping Registries, and the contractor is to furnish all particulars and details of such ships to the technical representatives of the Government, and have the same approved by them, such particulars and details being referred to more fully in Schedule "A" which forms part of these presents;

And whereas the contractor has offered to establish and maintain the said fleet of ships as aforesaid in the service hereinafter referred to for a period of ten years from the commencement of the said service or for any longer period that may be mutually agreed upon for an annual subsidy of two hundred and seventy-five thousand pounds (£275,000);

And whereas the Government of Canada offer to accept the same subject to ratification by Parliament and subject to the terms and conditions more particularly hereinafter set out;

Now this Agreement witnesseth that the contractor for and in consideration of the premises and of the covenants and agreements on the part of His Majesty hereinafter contained for himself, his executors and administrators,

Doth hereby covenant and agree to and with His Majesty, His Heirs and Successors in manner following, that is to say:—

1. That the contractor shall and will either personally or by a company which he may form (and it is hereby understood and agreed that this contract may be executed, performed and fulfilled by a duly incorporated company formed or to be formed by or at the instance of the contractor, which company when formed shall be accepted by His Majesty instead of and in lieu of and in substitution for the contractor, and which shall be hereinafter referred to as the "shipping company") :—

(a) Build, equip, provide, establish and during this contract, continue and in the manner hereinafter mentioned, operate a regular shipping service between such ports in Great Britain or Ireland or the Continent of Europe, and Canadian ports as may be designated by the Minister of Trade and Commerce for Canada or his representatives from time to time;



(b) Establish and continue and maintain and operate as hereinafter set out the shipping service hereinbefore referred to free from the control of and independent of the Atlantic Shipping Combine or Conference or any other combine or conference now in existence or which may be operated or established upon the Atlantic Ocean at any time in the future without the sanction of the Government of Canada;

(c) That such service shall be put in effect and maintained with ten ships as hereinbefore referred to and these shall be built and placed in operation with all possible despatch and shall be fully completed and put in service within eighteen months from the date of this Agreement (at least two of the same to be placed in service by August 1st, 1925) and pending completion of the same, other ships of modern construction properly equipped and of approximately the same tonnage shall be substituted and operated in the said service until the fleet in question is completely constructed and in operation, the said service to commence with at least six ships not later than June 15th, 1925;

(d) That the control and regulation of the rates to be charged by the contractor shall rest with the Government of Canada and that the Government shall fix such transportation rates on all commodities from time to time;

(e) Make proper provision for the carriage of perishable and partly perishable produce by means of cold storage facilities;

(f) Carry emigrants from Great Britain or the Continent of Europe at rates to be fixed by the Government and carry all Canadian mails free if and when the parties hereto agree upon the establishment of a passenger service or other steamers suitable for the carriage of emigrants in conjunction with and under the control of the shipping company.

2. And His Majesty for Himself, His Heirs and Successors hereby covenants and agrees with the contractor, his administrators and assigns that the contractor well and faithfully performing all and every the covenants, agreements and stipulations hereinbefore set forth and contained by the said contractor to be done and performed shall well and truly pay or cause to be paid to the contractor, his heirs, administrators and assigns during the continuance of this contract an annual subsidy of two hundred and seventy-five thousand pounds (£275,000) from and out of the Consolidated Fund or other proper moneys of the Dominion of Canada, the same to be paid and payable to the contractor at the City of London, England, in equal monthly instalments payable monthly at the end of each and every month (unless otherwise agreed upon between the contracting parties) in each and every year during the continuance of this Agreement, the first monthly instalment to become due and payable one month after the commencement of the service hereinbefore referred to (which shall not be later than June 15, 1925) and instalments monthly thereafter unless the parties hereto mutually agree upon other terms of payment.

3. And it is mutually covenanted and agreed between the parties hereto that the subsidy payable to the contractor in the preceding paragraph is based on the operation and maintenance of a service of ten ships and the subsidy aforementioned shall be increased or reduced as the case may be in proportion to the number of ships operated and maintained by the contractor in the service aforesaid from time to time and such increase or reduction of subsidy shall be added to or deducted from the monthly payments hereinbefore provided for in paragraph two.

4. And it is mutually covenanted and agreed between the parties hereto that the shipping services to be established by the contractor herein will co-operate and work loyally with the Canadian National Railways System and the fleet of ships operated by that system and under its control and known as the Canadian Government Merchant Marine.

5. And it is mutually covenanted and agreed between the parties hereto that should any of the ships in the service aforesaid be lost or disabled the con-



tractor shall have the privilege of substituting a modern ship of approximately the same tonnage for the ship lost or disabled until the same is replaced or repaired and put in service again as the case may be.

6. And it is mutually covenanted and agreed between the parties hereto that on receiving at least three months' notice from the Minister herein the contractor shall arrange to place additional ships up to the number of ten in this service on an increase in subsidy in proportion to the number of ships actually placed in service; the subsidy referred to in paragraph two being based on a service of ten ships; and the additional service to be put in effect within twelve months from the date of the receipt by the contractor of the notice aforesaid.

7. The contractor shall not convey or permit to be conveyed in any steamer while employed in this service any nitro-glycerine or any other articles which in the opinion of the Minister shall be considered dangerous.

8. If at any time after the expiration of the eighteen months mentioned in paragraph 1 (c) the contractor should fail to carry on the said service with the full complement of ten ships, the Minister may by notice in writing call upon him to supply the deficiency within a delay of three months, and in default of the contractor's doing so within such delay, the Minister may terminate the contract by notice in writing.

9. And the contractor covenants and agrees that the vessels in the said service shall prosecute all voyages made by them with all possible speed and despatch.

10. The Minister shall have the privilege at his option of entering into contracts for like purposes with any other contractor or contractors.

11. And it is mutually covenanted and agreed between the parties hereto that this contract is to continue in force for the full period of ten years from the time when the first service under the terms hercof is commenced; and the same may be extended for a further period of time and under such terms and conditions as the parties hereto mutually agree upon.

12. Except to the company to be formed by the contractor as hereinbefore provided for to whom this contract may be assigned no other assignment thereof either by the contractor or by the said company is to be or shall be made, nor any right nor interest therein without the consent in writing of the Minister having been first obtained.

IN WITNESS WHEREOF the Honourable Thomas A. Low, "the Minister", hath hereunto set and affixed his hand and seal as such and "the contractor" has hereunto set his hand and seal the day and year first above written.

C. D. MACAULAY.

THOS. A. LOW, [SEAL.]  
*Minister of Trade and Commerce.*

WILLIAM PETERSEN, [SEAL.]

Province of Ontario } I, Charles Daniel Macaulay,  
County of Carleton } of the city of Dawson,  
To Wit } in the Yukon Territory,

Supreme Court Judge, make oath and say:—

1. That I was personally present and did see the within instrument and duplicate original thereof duly signed, sealed and delivered by the Honourable Thomas A. Low, His Majesty's Minister of Trade and Commerce for the Dominion of Canada, and Sir William Petersen, Knight Commander of the British Empire, the parties hereto.

2. That the said instrument and duplicate original were executed by the said parties at the City of Ottawa, in the County of Carleton.

3. That I know the said parties.

4. That I am a subscribing witness to said instrument and duplicate original.

SWORN before me

at the City of Ottawa  
in the County of Carleton,  
this 11th day of December,  
A.D. 1924.

C. D. MACAULAY.

H. H. DONALD,  
*Notary Public.*

#### SCHEDULE "A"

Particulars (without guarantee) of two corrugated open Shelter deck Motor vessels with Topgallant Fo'castle and Cruiser Stern building by Harland & Wolff Ltd. at Henderson's, Glasgow.

Class	100 A.L. and B.V.	
Length overall	416'	B.P. 400'
Breadth moulded	55' 6"	corrugation 59'
Depth	28' 4"	S.D. 37' 10"
Deadweight (including bunkers)	9,000 tons	on 25'
Cubic capacity (abt.)	580,000	grain
Tonnage (approximately)	5,000 gross	3,500 nett
Capacity of Oil Bunkers	750/800 tons	
Height of 'tween Deck	9' 6"	
Bulkheads	longitudinal and	
	9 Transverse steel bulkheads	
Holds	5	
Hatches	3	31' 6" x 20'
	1	29' x 20'
	1	27' x 20'
	1	13' 4" x 10' 7½"
Engines	B. & W.	single 4 cycle Diesel
Horse Power	Brake 1850	Ind. 2250
Dia. of Cylinders	(six)	740 m.
Length of strokes	1500 m.	
Speed	about 11 knots	on about 7½ tons oil.
Winches	8 3-ton, 3' 5-ton,	Electric
Electric Auxiliaries		
One Ord. vert. Donkey Boiler		
	100 sq. feet heating surface	
	100 lbs. pressure	

And subject to such modifications and alterations as may be agreed upon by the parties hereto, and on the proposed amendment thereto of Mr. Clark.

*Attest.*

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

TUESDAY, March 31, 1925.

*Ordered,* That a Special Committee consisting of Messrs. Black (Halifax), Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), Leader, McKay, McMaster, McMurray, Rinfret, Sinclair (Queens), Stevens, Stork, be appointed to consider the Resolu-

tion to give the Government of Canada control over certain ocean rates by confirming the agreement between His Majesty and Sir William Peterson, K.C.B.E., as set out in said Resolution, or by any other method that offers effective control, with power to call for persons, papers and records and report from time to time.

*Attest.*

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

WEDNESDAY, April 1, 1925.

*Ordered*, That the name of Mr. Shaw be substituted for that of Mr. Leader on the said Committee.

*Attest.*

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

On motion of Mr. McKay, seconded by Mr. Halbert,

*Agreed*, That the Chairman present a Report to the House recommending that the Committee be authorized by the House to have their proceedings and evidence printed from day to day for the use of the members of the Committee and that Rule 74 be suspended in reference thereto.

On motion of Sir Henry Drayton, seconded by Sir Eugene Fiset,

*Agreed*, That the Chairman present a Report to the House recommending that the Committee be granted leave to sit while the House is in session.

On motion of Mr. Johnston, seconded by Mr. Stork,

*Agreed*, That the Chairman present a Report to the House recommending that the reports on freight rates made by the Special Committee to inquire into Agricultural Conditions during the 1923 session be referred to the Committee.

On motion of Mr. Duff, seconded by Mr. McKay,

*Agreed*, That the Chairman present a Report to the House recommending that all reports, documents and other papers laid on the table of the House during the present session and referring in any respect to the Order of Reference to the Committee, be referred to the Committee.

On motion of Mr. Duff, seconded by Mr. Halbert,

*Agreed*, That the Clerk of the Committee secure before the next meeting of the Committee and have on the desks of the members, the following:—

Twenty-five copies of the Resolution referred.

Twenty-five copies of the Preston Report.

Twenty-five copies of the Drayton Report of 1913.

Twenty-five sets of the Report of the Agriculture Conditions Committee on 1923.

Twenty-five copies of the printed Reports of Correspondence laid on the Table of the House during the present session.

Twenty covers printed for daily reports.

Twenty folders for papers of members.



The Chairman announced that the Government had seen fit to appoint counsel to assist the Committee in the bringing out of the facts connected with this inquiry, and that Mr. H. J. Symington, K.C., of Winnipeg, had been appointed.

Messrs. A. W. Atwater, K.C., of Montreal, George H. Montgomery, K.C. of Montreal and E. P. Flintoft, of Montreal, appeared as counsel for the steamship lines.

At the request of the Chairman Mr. Symington addressed the Committee, suggesting that the steamship companies should come before the Committee and give evidence as to the steamship conferences, producing their documents and minutes, specifically the following:—

#### PRELIMINARY LIST OF MATERIAL TO BE FURNISHED BY THE STEAMSHIP LINES TO THE SPECIAL COMMITTEE

1. Names of all companies belonging to the North Atlantic U.K. Conference.
2. Names of their officers.
3. Names of their representatives in Canada.
4. Copies of any Agreements relating to the Conference and if any verbal agreements or arrangements a summary of them.
5. Rules and regulations of the North Atlantic U.K. Conference.
6. Rules and regulations of the North Atlantic Continental Conference.
7. Rules and regulations of the North Atlantic Westbound Conference.
8. Rules and regulations of the Canadian Liner U.K. Committee.
9. Rules and regulations of the Canadian Liner Continental Committee.
10. Any Agreement between members of Canadian Liner Committees.
11. Minutes of North Atlantic U.K. Conference Meetings, New York and/or Montreal, 1920-25.
12. Minutes of Canadian Liner Committee, 1920-25.
13. Minutes of Continental Liner Committee, 1920-25
14. Correspondence between Canadian Liner Committee and its members, 1920-25.
15. Correspondence and telegrams between Representatives of the Canadian Liner Committee and Secretary North Atlantic U.K. Conference, New York, 1920-25.
16. The same information and material relating to Conference on North Atlantic with respect to passenger traffic.
17. All minutes of joint meetings between North Atlantic Conference and South Atlantic and Gulf Conferences.
18. Names of members of the Pacific Coast Conference or Conferences.
19. Minutes of same, 1920-25.
20. Correspondence relating to same, 1920-25.
21. Names of any other Conferences to which any of the members of any North Atlantic Conference belongs.
22. List of boats owned or operated by each line in the North Atlantic Conference showing deadweight available for cargo, cubic capacity available for cargo and passenger capacity; their age, original costs; amount written off and present value.
23. Revenue manifests months of May, August, October and December in each year, 1912-1924.
24. All tariffs, including supplements and amendments issued by U.K. North Atlantic Conference, 1912-13 and 1920-24.
25. All tariffs of Westbound Commodities 1912-13 and 1920-24.
26. Copies of complete tariffs of rates charged from 1912-13 and 1920-24, east-bound and westbound.

27. Copies of any Agreements with Railway Lines with respect to ocean and railway traffic, divisions, etc.
28. Details of operating accounts of ships, 1912-1924, whether by voyage or by month.
29. This to set forth in detail various items and classes of expenditure, preferably copies of voyage sheets or journey books.
30. Balance sheets of companies with depreciation shown.
31. Revenue of receipts from wheat.  
     "           "           "           cattle.  
     "           "           "           commodities controlled by Conference.
32. Minutes of meetings of sub-committees of Canadian Liner Committee.
33. Balance sheet of International Mercantile Marine, 1913 and for the years 1922-23.
34. Typical voyage books showing actual earnings in 1913, 1922-23.

Discussion followed in which Sir Henry Drayton, Sir Eugene Fiset, Hon. Mr. McMurphy and Mr. Duff took part. Messrs. Atwater and Montgomery also addressed the Committee.

The Chairman ruled as follows:—

#### RULING

"I presume it is my duty to direct the procedure of the Committee, and I would decide that Mr. Symington be given by the steamship companies the information he asks for at the earliest possible moment; that he be given whatever material they have ready, which he asks for, and that they prepare forthwith any material which they have not ready; . . . that they deliver to him for the use of himself and the Committee, just as soon as it is ready, the information asked for. I would like to say here that ample opportunity will be given for the examination, the cross-examination and the re-examination of Mr. Preston. I am informed that there are at present in Canada able and well-informed men, quite apart from the lawyers representing the steamship companies, and that these men are available to explain to us exactly the operation of those conferences, and of other conferences, so that we may all thoroughly understand the vast problem with which we are called upon to deal. There will, therefore, be plenty of material for several sittings of the Committee in hearing such evidence. Meanwhile, Mr. Symington will be able to get and to study, and the Committee will be able to get and to study the information which comes from the steamship companies themselves. I cannot think that this is unjust to the steamship companies, or that it is unjust for this Committee to examine the facts out of the books and out of the mouths of steamship companies. . . . That is the decision I give, subject, of course, to its being acceptable to the Committee."

SIR HENRY DRAYTON: Let us just see, Mr. Chairman, what that means. Is the ruling that the Conference is to have the right-of-way and call their witnesses at the next meeting?

THE CHAIRMAN: Yes. I thought of having the next meeting on Wednesday, the 15th. I want the Conference to call a gentleman whose name Mr. Montgomery gave me, but which has escaped my mind for the moment. I understand he is secretary of some shipping board of trade. He will be able, I am informed, to tell us about the operation of all the conferences, which, I understand, have agreements with each other, so that the whole trade of the seven seas, so to speak, along certain lines, is more or less worked in combination. If I am wrong in my idea, the gentleman will correct me. If I am right in my idea, he will give us the details. I want to have a basis of fact so that we can properly appreciate the different isolated instances that come before us,



and I do not think we can properly appreciate the isolated instances unless we have some knowledge of the general scheme.

Discussion followed in which Sir Henry Drayton, Hon. Mr. McMurray and Mr. Duff took part. Mr. Atwater also addressed the Committee.

The CHAIRMAN: I presume that my ruling is not appealed from. I trust it is generally acceptable to the Committee. Now, Mr. Symington, I think we should endeavour, before we separate, to map out, as far as we can, the day's work for the next sitting of the Committee, so that there will be no delay. My own feeling is that Mr. Clemenson might be called, and be examined by you and make his own statement of the existence of these Conferences generally, and as to their operation.

Discussion followed in which Sir Henry Drayton and Mr. Duff took part; Messrs. Atwater, Montgomery and Symington also addressed the Committee.

The Committee adjourned at 12.35 o'clock p.m. to meet again at 11 o'clock a.m. on Friday, April 17, 1925.

S. R. GORDON,

H. D. DEWAR,

*Clerks of the Committee.*





Special Committee appointed to consider the  
Resolution  
to Give the Government of Canada Control over  
Certain Ocean Rates.

---

Proceedings of the Committee

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No. 2—Friday, April 17, 1925.

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EVIDENCE

Col. William I. Gear, Manager Robert Reford Co., Montreal.  
Mr. H. M. Cleminson, General Manager of the Chamber of Shipping of the  
United Kingdom, London, England.

COUNSEL

Mr. H. J. Symington, appointed to assist the Committee.  
Messrs. A. W. Atwater, K.C., George H. Montgomery, K.C., E. P. Flintoft,  
C. R. MacKenzie, for the steamship companies.  
Mr. H. H. Donald, for Sir William Peterson.





## EXHIBITS

Filed by Col. William I Gear

No. 1. Names of all companies belonging to the North Atlantic U.K. Conference. (Read into evidence).

No. 2. Names of officers and Canadian representatives of all companies belonging to the North Atlantic U.K. Conference. (Note: Incomplete). (Not printed).

No. 3. Contained in Exhibit No. 2. (Not printed).

No. 4. Copy of agreement providing for the establishment of the Trans-Atlantic Association Freight Conferences with rules and regulations. (Not printed).

No. 5. Contained in Exhibit No. 4. (Not printed).

No. 6. Rules and regulations of the North Atlantic Continental Conference. (Not printed).

No. 7. Not yet filed.

No. 8. Minute *re* the establishment of Canadian Liner—U.K. Committee (read into evidence).

No. 9. Rules and regulations of the Canadian Liner Continental Committee. (Answer read into evidence).

No. 10. Contained in Exhibit No. 8.

No. 11. Minutes of North Atlantic U.K. Conference meetings, 1921-1925. (Not printed).

No. 12A. B. C. D. E. Minutes of Canadian Liner Committee 1920-1924. (Note: Minutes for 1925 to be filed). (Not printed).

No. 13. Minutes of the Continental Liner Committee. (Answer read into evidence).

No. 14. Not yet filed.

No. 15. Not yet filed.

No. 16A. Members of the North Atlantic Passenger Conference. (Not printed).

No. 16B. Atlantic Conference Agreement, F. 1. (Not printed).

No. 16C. Atlantic Conference Agreement, S. 1. Cabin and second class passenger business. (Not printed).

No. 16D. Atlantic Conference Agreement, T. 1. Continental third class passenger business. (Not printed).

No. 16E. Atlantic Conference Agreement, B. T. 1. British and Irish third class passenger business. (Not printed).

No. 16F. Minutes of Continental Passenger Conference, 1921-1924. (Not printed).

No. 16G. Minutes of Trans-Atlantic Passenger Conference, 1922-1924. (Not printed).

No. 16H. Atlantic Conference Agreement, S. T. 1. Scandinavian, Finnish and Icelandic third class passenger business. (Not printed).

No. 17A. Minutes of joint meetings between North Atlantic Conference and South Atlantic and Gulf Conference, 1921. (Not printed).

No. 17B. Decision in case of The Port Utilities Commission of Charleston, S.C., *et al* versus the Carolina Company *et al*. (Excerpts read into evidence.)

No. 18. Not yet filed.

No. 19. Not yet filed.

No. 20. Not yet filed.

No. 21. Names of other Conference to which any of the members of the North Atlantic U.K. Conference belong. (Incomplete). (Read into evidence).

No. 22. Not yet filed.

No. 23. Not yet filed.

No. 24A. Trans-Atlantic Freight Classification, dated 4-2-17. (Not printed).

No. 24B. Tariffs, including supplements and amendments, issued by the North Atlantic Conference. Parts I, II, III, IV, V, VI, VII and VIII.

No. 24C. Trans-Atlantic Freight Classification, supplement No. 1 issued November 6, 1913.

No. 25. Not yet filed.

No. 26. Contained in Exhibit No. 24B.

No. 27. Not yet filed.

No. 28. Not yet filed.

No. 29. Not yet filed.

No. 30. Not yet filed.

No. 31. Revenue of Receipts from Wheat, Cattle and Commodities controlled by the Conference. (Read into evidence).

No. 32. Statement *re* and list of names of sub-committee of Canadian Liner Conference. (Excerpt read into minutes).

No. 33A. Balance Sheet, International Mercantile Marine, 1913. (Printed as appendix to proceedings of to-day).

No. 33B. Report of International Mercantile Marine, 1922. (Balance sheet printed as appendix to proceedings of to-day).

No. 33C. Report of International Mercantile Marine, 1923. (Balance sheet printed as appendix to proceedings of to-day).

No. 34. Not yet filed.

## MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 231,

FRIDAY, April 17, 1925.

### MORNING SESSION

The Committee met at 11.00 o'clock a.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Stork.—12.

The Chairman read the following further

## ORDER OF REFERENCE

TUESDAY, April 7, 1925.

*Ordered*, That the said Committee be authorized to have their Minutes of Proceedings and Evidence printed from day to day for the use of the Members of the Committee and that Rule 74 be suspended in reference thereto.

*Attest*

ARTHUR BEAUCHESNE,

*Clerk of the House.*



TUESDAY, April 7, 1925.

*Ordered*, That the said Committee be granted leave to sit while the House is in session.

Attest

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

TUESDAY, April 7, 1925.

*Ordered*, That the Reports on freight rates made by the Special Committee to inquire into Agricultural Conditions during the 1923 session, be referred to the said Committee.

Attest

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

TUESDAY, April 7, 1925.

*Ordered*, That all reports, letters, documents and other papers laid on the Table of the House during the present session and referring in any respect to the Order of Reference to the said Committee, be referred to the said Committee.

Attest

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

## COUNSEL N ATTENDANCE

Mr. H. J. Symington, K.C., Winnipeg, to assist the Committee.

Messieurs A. W. Atwater, K.C., George H. Montgomery, K.C., E. P. Flintoft, and C. R. MacKenzie, all of Montreal; for the steamship companies.

Mr. H. H. Donald, of Toronto, for Sir William Peterson.

Mr. Montgomery stated that a considerable portion of the information asked for at the first meeting of the Committee had been secured.

Col. William I. Gear, Manager of the Robert Reford Company, Montreal, who was in attendance, was called, sworn and produced the following documents which were severally marked as Exhibits.

## EXHIBITS

Filed by Col. William I. Gear

No. 1. Names of all companies belonging to the North Atlantic U. K. Conference. (Read into evidence.)

No. 2. Names of officers and Canadian representatives of all companies belonging to the North Atlantic U.K. Conference. (Note: Incomplete.) (Not printed.)

No. 3. Contained in Exhibit No. 2. (Not printed.)

No. 4. Copy of agreement providing for the establishment of the Trans-Atlantic Associated Freight Conferences with rules and regulations. (Not printed.)

No. 5. Contained in Exhibit No. 4. (Not printed.)

No. 6. Rules and regulations of the North Atlantic Continental Conference. (Not printed.)

No. 7. Not yet filed.

No. 8. Minute *re* the establishment of Canadian Liner—U.K. Committee (read into evidence).

- No. 9. Rules and regulations of the Canadian Liner Continental Committee. (Answer read into evidence.)
- No. 10. Contained in Exhibit No. 8.
- No. 11. Minutes of North Atlantic U. K. Conference meetings, 1921-1925. (Not printed.)
- No. 12. A. B. C. D. E. Minutes of Canadian Liner Committee 1920-1924. (Note: Minutes for 1925 to be filed) (Not printed.)
- No. 13. Minutes of the Continental Liner Committee. (Answer read into evidence.)
- No. 14. Not yet filed.
- No. 15. Not yet filed.
- No. 16A. Members of the North Atlantic Passenger Conference. (Not printed.)
- No. 16B. Atlantic Conference Agreement, F. 1. (Not printed.)
- No. 16C. Atlantic Conference Agreement, S. 1. Cabin and second-class passenger business. (Not printed.)
- No. 16D. Atlantic Conference Agreement, T. 1. Continental Third-class passenger business. (Not printed.)
- No. 16E. Atlantic Conference Agreement, B. T. 1. British and Irish Third-class passenger business. (Not printed.)
- No. 16F. Minutes of Continental Passenger Conference, 1921-1924. (Not printed.)
- No. 16G. Minutes of Trans-Atlantic Passenger Conference, 1922-1924. (Not printed.)
- No. 16H. Atlantic Conference Agreement, S. T. 1. Scandinavian, Finnish and Icelandic Third-class passenger business. (Not printed.)
- No. 17A. Minutes of joint meetings between North Atlantic Conference and South Atlantic and Gulf Conference, 1921. (Not printed.)
- No. 17B. Decision in case of The Port Utilities Commission of Charleston, S.C., *et al* versus the Carolina Company *et al*. (Excerpts read into evidence.)
- No. 18. Not yet filed.
- No. 19. Not yet filed.
- No. 20. Not yet filed.
- No. 21. Names of other Conferences to which any of the members of the North Atlantic Conference. Parts I. II. III. IV. V. VI, VII and VIII.
- No. 22. Not yet filed.
- No. 23. Not yet filed.
- No. 24A. Trans-Atlantic Freight classification, dated 4-2-17. (Not printed.)
- No. 24B. Tariffs, including supplements and amendments, issued by the North Atlantic Conference. Parts I, II, III, IV, V, VI, VII and VIII.
- No. 24C. Trans-Atlantic Freight classification, supplement No. 1 issued November 6, 1913.
- No. 25. Not yet filed.
- No. 26. Contained in Exhibit No. 24B.
- No. 27. Not yet filed.
- No. 28. Not yet filed.
- No. 29. Not yet filed.
- No. 30. Not yet filed.
- No. 31. Revenue of Receipts from Wheat, Cattle and Commodities controlled by the Conference. (Read into evidence.)
- No. 32. Statement *re* sub-committee and list of names of Canadian Liner Conference. (Excerpt read into Minutes.)
- No. 33A. Balance Sheet, International Mercantile Marine, 1913. (Printed as appendix to proceedings of to-day.)



No. 33B. Report of International Mercantile Marine, 1922. (Balance sheet printed as appendix to proceedings of to-day.)

No. 33C. Report of International Mercantile Marine, 1923. (Balance sheet printed as appendix to proceedings of to-day.)

No. 34. Not yet filed.

On motion of Sir Henry Drayton, seconded by Hon. Mr. McMurray,

*Agreed*, That the Chairman be and is hereby empowered to engage such actuarial and accounting assistance as he may deem necessary.

Witness retired.

The Committee adjourned at 1.05 o'clock p.m. to meet again at 4 o'clock p.m. this day.

#### AFTERNOON SESSION

The Committee resumed at 4 o'clock p.m., the Chairman, Mr. McMaster, presiding, and with the same members of the Committee present as during the morning session.

Mr. H. M. Cleminson, General Manager of the Chamber of Shipping of the United Kingdom, London, England, who was in attendance, was called, sworn, examined, cross-examined and retired.

The Chairman appointed Messrs. H. H. Donald and C. R. MacKenzie as an Editorial Committee to read the evidence from day to day and to notify the Chairman of any corrections which they think should be made.

Discussion followed in regard to procedure at future meetings of the Committee.

The Chairman gave the following

#### RULING

"My view is that one of the essential parts of this investigation is the establishment by steamship companies that the rates which they fix in collaboration one with the other, and without the concurrence of those persons who pay the rates, as being just and reasonable, and I propose directing the attention of the Committee in the first place to this feature of the case."

The Committee adjourned at 6.25 o'clock p.m. to meet again at 11 o'clock a.m. on Tuesday, April 21, 1925.

S. R. GORDON,

H. D. DEWAR,

*Clerks of the Committee.*

INTERNATIONAL MERCANTILE MARINE COMPANY AND SUBSIDIARY  
COMPANIESSTATEMENT OF EARNINGS FOR YEAR ENDED DECEMBER 31, 1913, FROM THE OPERATIONS OF AMERICAN,  
RED STAR, WHITE STAR, ATLANTIC TRANSPORT AND DOMINION LINES

Gross Voyage Earnings.....	\$ 47,519,404 48
Miscellaneous Earnings and Dividends.....	1,521,933 62
	<u>\$ 49,041,338 10</u>

*Deduct:*

Gross Operating and General Expenses and Miscellaneous.....	39,474,290 53
Net Profit from Operation.....	<u>\$ 9,567,047 57</u>
Interest and Discount on Bonds.....	\$ 3,578,577 89
Interest on Loans and Advances.....	115,165 33
Income Tax.....	156,345 38
	<u>3,850,088 60</u>

Balance, being net profit for the year before providing for Depreciation on Steamships. \$ 5,716,958 97

## SURPLUS ACCOUNT

Balance of Earnings as above.....	\$ 5,716,958 97
Surplus, December 31, 1912.....	953,395 50
	<u>\$ 6,670,354 47</u>

*Deduct:*

Amount Appropriated for Depreciation on Steamships.....	5,401,357 45
Surplus as per Balance Sheet.....	<u>\$ 1,268,997 02</u>



## INTERNATIONAL MERCANTILE MARINE COMPANY

INSURANCE FUND—INCOME ACCOUNT—YEAR ENDED DECEMBER 31, 1913

	DOLLARS	STERLING, at 4.87½		DOLLARS	STERLING, at 4.87½
Gross Premiums paid into the Fund.....	\$1,677,186 89	£344,038 6 1	Lay-up and Cancellation Returns.....	\$ 150,258 52	£ 30,822 4 11
Interest Received.....	73,459 84	15,095 15 3	Losses.....	648,833 89	133,028 4 0
			Premiums paid for Additional Insurance in Outside Companies.....	240,507 45	49,359 1 0
			Expenses.....	5 918 90	1,214 2 8
			Interest Paid.....	930 26	190 17 3
			Difference in Exchange.....	3,523 39	50 12 11
			Profit for the year at 4.85.....	700,674 32	144,468 18 7
	\$1,750,646 73	£359,134 1 4		\$1,750,646 73	£359,134 1 4

We have examined the above Statement of Earnings and Expenses of the Insurance Fund of the International Mercantile Marine Company for the year ended December 31, 1913, and certify that the same is correct. Full provision has been made therein for all claims in respect of losses during the year so far as they are known or can be estimated.

54 WILLIAM STREET,  
NEW YORK, JUNE 10, 1914.

PRICE, WATERHOUSE & CO.,

Chartered Accountants

## INTERNATIONAL MERCANTILE MARINE

COMPRISING AMERICAN, RED STAR, WHITE STAR,

## CONSOLIDATED BALANCE SHEET,

## ASSETS

## CAPITAL ASSETS—

## Cost of Properties:\*

Balance at December 31, 1912.....	\$ 185,989,974 25
Additions during year 1913; less property sold or gone out of service.....	6,432,335 65

	\$ 192,422,309 90
--	-------------------

Less—Reserve for Depreciation.....	22,973,159 76
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	\$ 169,449,150 14
--	-------------------

\*Combined undertakings and their properties at cost to International Mercantile Marine Company in Bonds, Stocks and Cash.

## Investments in other Companies:

Frederick Leyland & Co., Limited.....	\$ 11,965,176 60
National Steamship Co., Limited.....	473,996 18
Sundry Shipping and allied Companies, Exchange Memberships, and Government Deposits.....	2,878,001 23

	15,317,174 01
--	---------------

Total Capital Assets.....	\$ 184,766,324 15
---------------------------	-------------------

## CURRENT ASSETS—

Inventories.....	\$ 870,864 10
Accounts Receivable.....	2,158,929 48
Bills Receivable and Loans.....	342,500 00
Interest Receivable and Accrued.....	11,732 65
Agency Balances.....	272,232 85
Marketable Stocks and Bonds.....	572,494 00
Cash at Bankers, on Hand and in Transit.....	2,541,576 62

Total Current Assets.....	6,770,329 70
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## DEFERRED CHARGES TO PROFIT AND LOSS—

Open Voyage Accounts, Charges and Unexpired Insurance.....	\$ 1,581,268 70
Improvements, Betterments and Heavy Repairs.....	933,407 27
Discount on Bonds.....	161,560 00

	2,676,235 97
--	--------------

	\$ 194,212,889 82
--	-------------------

We have examined the books and accounts of the International Mercantile Marine Company and its Subsidiary Companies, comprising the American, Red Star, White Star, Atlantic Transport and Dominion Steamship Lines, for the year 1913, and we find that the Consolidated Balance Sheet of December 31, 1913, and the relative Statement of Earnings for the twelve months ending that date have been correctly prepared therefrom.

We have verified the Cash and Securities by actual inspection or by certificates from the depositaries and we have satisfied ourselves that full provision has been made for Bad and Doubtful Accounts Receivable and for all ascertainable Liabilities.



## COMPANY AND CONSTITUENT COMPANIES

## ATLANTIC TRANSPORT AND DOMINION LINES

DECEMBER 31, 1913

		LIABILITIES	
CAPITAL LIABILITIES—			
Capital Stock:			
Preferred*		\$60,000,000 00	
Less—in Treasury		8,269,029 45	
		\$	51,730,970 55
Common		\$60,000,000 00	
Less—in Treasury		10,068,264 74	
			49,931,735 26
*Dividends unpaid since December 1, 1902.			\$ 101,662,705 81
Capital Stock of Constituent Companies outstanding:			
British & North Atlantic Steam Navigation Company, Limited.	\$	242 50	
Mississippi & Dominion Steamship Company, Limited.		1,455 00	
			1,697 50
Bonds and Debentures:			
Four and One-half Per Cent Mortgage and Collateral Trust Gold Bonds		\$ 52,744,000 00	
Five Per Cent First Mortgage Sinking Fund Gold Bonds		\$20,000,000 00	
Less—Called or redeemed by Sinking Fund	\$	2,020,000 00	
In Treasury		98,000 00	
		2,118,000 00	
		17,882,000 00	
Debenture Bonds of Constituent Companies held by the Public		5,802,055 00	
			76,428,055 00
Loans on Mortgage			405,643 05
Total Capital Liabilities			\$ 178,498,101 36
LOANS, BILLS PAYABLE AND FOREIGN BANK OVERDRAFTS			4,495,221 91
CURRENT LIABILITIES—			
Accounts Payable	\$	4,252,254 12	
Agency Balances		231,863 04	
Interest Accrued		990,839 49	
National Line—Current Account		397,399 94	
Leyland Line—		39,626 81	
Reserves:			
For Liabilities	\$	118,839 73	
“ Insurance Claims		227,275 67	
“ Outstanding Dominion Line shares		286 29	
		346,401 69	
Total Current Liabilities			6,258,385 09
DEFERRED CREDITS TO PROFIT AND LOSS			2,483,538 87
INSURANCE FUND—			
Balance, January 1, 1913	\$	507,971 25	
Profit for year 1913		700,674 32	
			1,208,645 57
SURPLUS, as per Statement, page 12			1,268,997 02
			<u>\$ 194,212,889 82</u>

The sum of \$5,401,357.45 has been set aside out of Surplus on account of Depreciation on Steamships.

Upon the above basis, we certify that in our opinion the Consolidated Balance Sheet is properly drawn up so as to show the true financial position of the Companies on December 31, 1913, and that the relative Statement of Earnings is a fair and correct summary of the results of the operations for the twelve months ending that date.

54 WILLIAM STREET,  
NEW YORK, JUNE 10, 1914.

PRICE, WATERHOUSE & CO.,  
Chartered Accountants.

1922-1921-1920

INTERNATIONAL MERCANTILE MARINE COMPANY AND SUBSIDIARY  
COMPANIES

STATEMENT OF EARNINGS FOR THE YEARS ENDED RESPECTIVELY DECEMBER 31, 1922, DECEMBER 31, 1921,  
AND DECEMBER 31, 1920, FROM THE OPERATIONS OF THE AMERICAN, RED STAR, WHITE STAR,  
ATLANTIC TRANSPORT AND LEYLAND LINES AND DIVIDENDS FROM PARTLY OWNED  
COMPANIES

	1922	1921	1920
Gross Voyage Earnings.....	\$73,873,555 11	\$90,068,417 89	\$113,331,818 54
Miscellaneous Earnings.....	6,552,078 42	8,027,609 97	12,475,634 37
Operating and General Expenses, Taxes and Miscellaneous Charges.....	\$80,425,633 53	\$98,096,027 86	\$125,807,452 91
	74,158,388 60	85,054,107 60	110,387,584 45
Fixed Charges.....	\$ 6,267,244 93	\$13,001,920 26	\$15,419,868 46
	2,690,645 57	2,623,262 11	2,637,690 31
Profit for the year, before providing for Depreciation on Steamships.....	\$ 3,576,599 36	\$10,378,658 15	\$12,782,178 15

Profit for the Year 1922, before providing for Depreciation on Steamships, as shown above.....	\$3,576,599 36
Depreciation on Steamships for 1922.....	5,984,660 85
Loss for the Year 1922.....	\$2,408,061 49
Surplus December 31, 1921.....	31,714,135 73
	\$29,306,074 24

*Deduct:*

Dividends on I. M. M. Co. Preferred Stock:

Declared	Paid	Rate	Amount	
June 15, 1922	Aug. 1, 1922	3 %	\$1,551,750 00	
Dec. 21, 1922	Feb. 1, 1923	1½%	775,875 00	2,327,625 00
Surplus as shown by Balance Sheet, Dec. 31, 1922.....				\$26,978,449 24



## INTERNATIONAL MERCANTILE MARINE COMPANY

## INSURANCE FUND—INCOME ACCOUNT

YEAR ENDED DECEMBER 31, 1922

Gross premiums received by the Fund.....	\$3,402,905 64
Interest received.....	95,941 41
	<hr/>
	\$3,498,847 05
	<hr/>
Lay-up and Cancellation Returns.....	\$ 448,484 49
Premiums paid for Insurance with Outside Underwriters (Net).....	2,045,566 99
Reserve for Losses—1922 and previous years.....	265,000 00
Expenses and Taxes.....	61,015 76
Difference in Exchange.....	51,764 98
Profit for the Year.....	627,014 83
	<hr/>
	\$3,498,847 05

We have examined the above Statement of Earnings and Expenses of the Insurance Fund of the International Mercantile Marine Company for the year ended December 31, 1922, and certify that the same is correct. Full provision has been made therein for all claims in respect of losses during the year, so far as they are known or can be estimated. The transactions in £ sterling are converted at the rate of \$4.64 per £.

PRICE, WATERHOUSE &amp; CO.

56 PINE STREET,  
NEW YORK, JUNE 16, 1923.

## INTERNATIONAL MERCANTILE MARINE

COMPRISING AMERICAN, RED STAR, WHITE STAR,

## CONSOLIDATED BALANCE SHEET

## ASSETS

## CAPITAL ASSETS—

## Cost of Properties:\*

Balance at December 31, 1921..... \$245,106,788 41

Additions during the year 1922, and advances on account of new  
construction less steamships sold and gone out of service..... 16,188,624 62

\$261,295,413 03

Less—Reserve for Depreciation..... 59,417,643 59 \$201,877,769 44

\*Combined undertakings and their properties at cost to  
International Mercantile Marine Company in Bonds,  
Stocks and Cash.Investments in Sundry Shipping and other Companies, Exchange Memberships and  
Government Deposits..... 7,024,752 30

Total Capital Assets..... \$208,902,521 74

## CURRENT ASSETS—

Inventories..... \$1,808,784 50

Accounts Receivable..... 8,483,049 52

Bills Receivable and Loans..... 485,000 00

Interest Receivable and Accrued..... 180,231 96

Agency Balances..... 655,373 20

Marketable Stocks and Bonds, etc..... 29,663,019 67

Cash at Bankers, on Hand and in Transit..... 7,572,086 99

Total Current Assets..... 48,847,545 84

DEFERRED CHARGES TO PROFIT AND LOSS..... 5,919,512 82

\$263,669,580 40

We have examined the books and accounts of the International Mercantile Marine Company and its subsidiary companies, comprising the American, Red Star, White Star, Atlantic Transport, and Leyland Lines, for the year 1922, and we find that the consolidated balance sheet of December 31, 1922, and the relative statement of earnings for the twelve months ending that date have been correctly prepared therefrom.

We have verified the cash and securities by actual inspection or by certificates from the depositaries and we have satisfied ourselves that full provision has been made for bad and doubtful accounts receivable and for all ascertainable liabilities. There is a contingent liability in respect of the guaranty by the Oceanic Steam Navigation Company of £600,000 debentures of a partly-owned subsidiary company.

1922

## COMPANY AND SUBSIDIARY COMPANIES

ATLANTIC TRANSPORT AND LEYLAND LINES

DECEMBER 31, 1922

## LIABILITIES

## CAPITAL LIABILITIES—

## Capital Stock:

Preferred*.....	\$60,000,000 00	
Less—In Treasury.....	8,275,000 00	
		\$51,725,000 00
Common.....	\$60,000,000 00	
Less—In Treasury.....	10,128,200 00	
		49,871,800 00

\$101,596,800 00

\*Accumulated dividends unpaid, 43½%.

Capital Stock of Frederick Leyland &amp; Co., Ltd., held by Public..... 26,432 50

## Bonds and Debentures:

First Mortgage and Collateral Trust Six Per Cent. Gold Bonds.....	\$40,000,000 00	
Less—Retired by Sinking Fund.....	2,534,000 00	
		\$37,466,000 00

Debenture Bonds of Oceanic Steam Navigation Co., Ltd., held by Public..... 7,025,225 00

44,491,225 00

Loans on Mortgage..... 1,970,000 00

Total Capital Liabilities..... \$148,084,457 50

## CURRENT LIABILITIES—

Loans, Bills Payable and Foreign Bank Overdrafts.....	\$ 3,826,131 98	
Accounts Payable, including Reserves for United States and Foreign Taxes.....	30,001,188 75	
Interest Payable and Accrued.....	630,325 00	
Agency Balances.....	246,267 08	
Preferred Stock Dividend Payable Feb. 1, 1923.....	775,875 00	
Reserve for Liabilities.....	7,596,859 03	

43,076,646 84

MISCELLANEOUS RESERVES..... 32,057,153 41

DEFERRED CREDITS TO PROFIT AND LOSS..... 10,812,364 76

## INSURANCE FUND—

Balance, January 1, 1922.....	\$2,033,493 82	
Profit for year 1922.....	627,014 83	

2,660,508 65

SURPLUS, as per Statement on Page 12..... 26,978,449 24

\$263,669,580 40

The accounts of the British subsidiary companies are included in the consolidated statements at the Companies' standard rate of exchange, i.e., \$4.85 per £.

Upon the above basis, we certify that in our opinion the consolidated balance sheet is properly drawn up so as to show the true financial position of the Companies on December 31, 1922, and the relative statement of earnings is a fair and correct summary of the results of the operations for the twelve months ending that date.

56 Pine Street,  
NEW YORK, JUNE 16, 1923.

PRICE, WATERHOUSE &amp; CO.



1923-1922-1921

INTERNATIONAL MERCANTILE MARINE COMPANY AND SUBSIDIARY  
COMPANIES

STATEMENT OF EARNINGS FOR THE YEARS ENDED RESPECTIVELY DECEMBER 31, 1923, DECEMBER 31, 1922,  
AND DECEMBER 31, 1921, FROM THE OPERATIONS OF THE AMERICAN, RED STAR, WHITE STAR,  
ATLANTIC TRANSPORT AND LEYLAND LINES, AND DIVIDENDS FROM PARTLY OWNED  
COMPANIES

	1923	1922	1921
Gross Voyage Earnings and Other Income.....	\$75,238,018 45	\$80,425,633 53	\$98,096,027 86
Operating and General Expenses, Taxes and Miscellaneous Charges.....	69,591,219 63	74,158,388 60	85,094,107 60 <sup>a</sup>
Fixed charges.....	\$ 5,646,798 82 2,618,726 31	\$ 6,267,244 93 2,690,645 57	\$13,001,920 26 2,623,262 11
Profit for the year, before providing for Depreciation on Steamships.....	\$ 3,028,072 51	\$ 3,576,599 36	\$10,378,658 15
Profit for the Year 1923, before providing for Depreciation on Steamships, as shown above.....			\$ 3,028,072 51
Depreciation on Steamships for 1923.....			5,579,800 46
Loss for the Year 1923.....			\$ 2,551,727 95
Surplus December 31, 1922.....			26,978,449 24
Surplus as shown by Balance Sheet, December 31, 1923.....			\$ 24,426,721 29

INTERNATIONAL MERCANTILE MARINE COMPANY  
 INSURANCE FUND—INCOME ACCOUNT  
 YEAR ENDED DECEMBER 31, 1923

Gross premiums received by the Fund.....	\$2,911,543 59
Interest received.....	126,052 52
	<u>\$3,037,596 11</u>
Lay-up and Cancellation Returns.....	\$ 417,204 28
Premiums paid for Insurance with Outside Underwriters (Net).....	1,758,611 19
Reserve for Losses.....	50,000 00
Expenses and Taxes.....	58,160 27
Difference in Exchange.....	81,436 71
Profit for the Year.....	672,183 66
	<u>\$ 3,037,596 11</u>

We have examined the above Statement of Earnings and Expenses of the Insurance Fund of the Mercantile Marine Company for the year ended December 31, 1923, and certify that the same is correct. Full provision has been made therein for all claims in respect of losses during the year, as far as they are known or can be estimated.

PRICE, WATERHOUSE & CO.

56 PINE STREET,  
 NEW YORK, JUNE 16, 1924.

## INTERNATIONAL MERCANTILE MARINE

COMPRISING AMERICAN, RED STAR, WHITE STAR,

## CONSOLIDATED BALANCE SHEET

## ASSETS

## CAPITAL ASSETS:

## Cost of properties:

Balance at December 31, 1922.....\$ 261,295,413 03

Deduct—Difference between post-war cost of steamships and estimated normal value, which has been charged against Miscellaneous Reserves.....19,540,976 17

\$241,754,436 86

Additions during the year 1923, less steamships sold and gone out of service.....2,160,584 24

\$243,915,021 10

Less—Reserve for depreciation.....60,204,659 14

\$183,710,361 96

Investments in sundry shipping and other companies, exchange memberships and government deposits.....7,288,329 44

\$190,998,691 40

## SECURITIES DEPOSITED WITH MORTGAGE TRUSTEES FOR INVESTMENT IN NEW TONNAGE.....

3,166,093 78

## CURRENT ASSETS:

Inventories.....\$ 1,575,810 70

Accounts receivable.....7,331,800 49

Bills receivable and loans.....876,053 52

Interest receivable and accrued.....72,803 71

Agency balances.....691,430 06

Marketable stocks and bonds.....21,313,830 24

Cash at bankers, on hand and in transit.....3,586,517 40

Total current assets.....35,448,246 12

DEFERRED CHARGES TO PROFIT AND LOSS.....3,606,395 85

\$233,219,427 15

We have examined the books and accounts of the International Mercantile Marine Company and its subsidiary companies, comprising the American, Red Star, White Star, Atlantic Transport, and Leyland Lines, for the year 1923, and we find that the consolidated balance sheet of December 31, 1923, and the relative statement of earnings for the twelve months ending that date have been correctly prepared therefrom.

We have verified the cash and securities by actual inspection or by certificates from the depositaries and we have satisfied ourselves that full provision has been made for bad and doubtful accounts receivable and for all ascertainable liabilities. The Oceanic Steam Navigation Company has guaranteed payment of £600,000 debentures of a partly owned subsidiary both as to principal and interest.



## COMPANY AND SUBSIDIARY COMPANIES

ATLANTIC TRANSPORT AND LEYLAND LINES

DECEMBER 31, 1923

## LIABILITIES

## CAPITAL LIABILITIES:

Capital Stock:			
Preferred*	\$60,000,000 00		
Less—In treasury	8,275,000 00	\$51,725,000 00	
Common	\$60,000,000 00		
Less—In treasury	10,128,200 00	49,871,800 00	\$101,596,800 00
*Accumulated dividends unpaid, 49½ p.c.			

Capital stock of Frederick Leyland & Co., Ltd., held by public		25 705 00	
Bonds and debentures:			
First mortgage and collateral trust 6% gold bonds	\$40 000,000 00		
Less—Retired by sinking fund	3,098,000 00		
	\$ 36,902,000 00		
Debenture bonds of Oceanic Steam Navigation Co., Ltd., held by public	6,144,465 00	43,046,465 00	
Loans on mortgage		1,920,000 00	
		\$146,588 970 00	
PURCHASE MONEY OBLIGATIONS FOR TONNAGE, PAYABLE 1925 TO 1931		4,292,250 00	

## CURRENT LIABILITIES:

Loans, bills payable and foreign bank overdrafts	\$4,669,770 42		
Accounts payable	9,587,058 96		
Interest payable and accrued	616,605 00		
Agency balances	552,646 17		
Reserve for liabilities including United States and foreign taxes	10,037,329 63		
Total current liabilities		25,463,410 18	
RED CREDITS TO PROFIT AND LOSS		12,676,055 31	1

## INSURANCE FUND:

Balance December 31, 1922	\$2,660,508 65		
Profit for year 1923	672,183 66		
		3,332,692 31	
MISCELLANEOUS RESERVES		16,439,328 06	

SURPLUS, as per statement on page 12	24,426,721 29		
		\$233,219,427 15	

The accounts of the British subsidiary companies are included in the consolidated statements at the Companies standard rate of exchange, i.e., \$4.85 per £.

Upon the above basis, we certify that in our opinion the consolidated balance sheet is properly drawn up so as to show the financial position of the Companies on December 31, 1923, and the relative statement of earnings is a fair and correct summary of the results of the operations for the twelve months ending that date.

56 Pine Street,  
NEW YORK, JUNE 16, 1924.

PRICE, WATERHOUSE & CO.



## MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

FRIDAY, April 17, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. I would like the Clerk of the Committee to enter upon the records that Mr. H. H. Donald, Barrister, of Toronto, appears to-day, representing Sir William Petersen. I might just make this preliminary observation, this is a hard room to hear in, so I will ask the witnesses to speak very plainly so that they may be easily heard by members of the Committee and others interested.

Mr. SYMINGTON, K.C.: Mr. Chairman, I think Mr. Montgomery has something to say about the questionnaire that was submitted to them on the first day. I would like to know how he is getting on with it.

Mr. MONTGOMERY, K.C.: We have already gathered together a considerable portion of the information asked for by my learned friend. It is a very simple matter to ask a question of this kind, but sometimes one question will involve a tremendous amount of work; more, I am sure, than my learned friend appreciates. I think perhaps my learned friend's questions can best be answered by putting in what we have, one at a time, and we can then discuss it.

The CHAIRMAN: That seems to be a reasonable suggestion, Mr. Montgomery.

Col. WILLIAM I. GEAR called and sworn.

*By Mr. Montgomery, K.C.:*

Q. Col. Gear, you are the representative of a number of lines, are you?—A. Yes.

Q. In particular, what lines?—A. The Cunard Line, the Anchor-Donaldson Line, the Donaldson Line, and the Thomson Cairn Line.

Q. You are speaking for the Robert Reford Company, are you not?—A. Yes.

Q. What is your position with the Robert Reford Company?—A. I am Vice President of the Robert Reford Company, Limited, agents for the before mentioned lines.

Q. Personally, I understand that your connection with the Conference is longer than that of any other representative in Montreal?—A. I think I am the oldest representative.

Q. For that reason you were applied to, to assemble some of the information that was asked for, and you have done so, have you not?—A. Yes, sir.

Q. In answer to question number one: "Names of all companies belonging to the North Atlantic U.K. Conference". Have you that information?—A. Yes, sir, with the exception of the Intercontinental Transports Limited, which will be subsequently received.

[Col. William I. Gear.]



Mr. MONTGOMERY, K.C.: Do you want these names read into the records or just listed? It is short, and it can be read.

Mr. SYMINGTON, K.C.: I think perhaps the names of the company should be read. I do not think we need to put in all the officers; simply the names of the companies belonging to the Conference.

The CHAIRMAN: I presume you had better mark these as exhibits?

Mr. MONTGOMERY, K.C.: It might be convenient, if I might suggest it, to have us keep the same numbers on the exhibits corresponding with the numbers on the questionnaire. They will be easily identified in that way.

The CHAIRMAN: All right.

*Exhibit No. 1: Names of companies of N.A.-U.K. Conference.*

The WITNESS: Shall I read the list?

The CHAIRMAN: If you please.

The WITNESS: The names of the companies belonging to the North Atlantic U.K. Conference are:

1. Anchor Line.
  2. Anchor-Donaldson Line.
  3. Bristol City Line.
  4. Canadian Pacific Steamships Limited.
  5. Donaldson Line.
  6. Cunard Line.
  7. Ellerman's Wilson Line.
  8. Furness Lines.
  9. Manchester Lines Limited.
  10. Head Line and Lord Line.
  11. International Mercantile Marine Lines.
  12. Inter-Continental Transport Services Limited
  13. Lamport & Holt Line.
  14. Thomson Line.
  15. American Merchant Line
  16. The Oriole Lines
  17. United States Lines.
  18. U.S. Shipping Board Fleet Corporation.
- } U.S. Shipping Board.

Mr. MONTGOMERY: I might just say a word in explanation of who the U.S. Shipping Board is. The U.S. Shipping Board manages the steamships and lines belonging to the American Government.

Mr. SYMINGTON, K.C.: I thought they were only operating companies—the operating managers.

The WITNESS: The Shipping Board is a member.

*By Mr. Symington, K.C.:*

Q. Look at Exhibit No. 1, the last four names: Are these four lines members, or are they the United States Shipping Board?—A. They are the members.

Q. The U.S. Shipping Board is not a member?—A. No; it is not a member individually.

Mr. MONTGOMERY, K.C.: We want to clear that up. The four operating lines which make up the U.S. Shipping Board group, that is to say, the American Merchant Lines, the Oriole Lines, the United States Lines, and the United States Shipping Board Fleet Corporation are all represented in the Conference?

The WITNESS: All represented in the Conference.

*By Mr. Montgomery, K.C.:*

Q. Now, by question number two you asked for the names of their officers, and by question number three, the names of their representatives in Canada. We will take them together; it is more convenient.

*Exhibit No. 2:* Names of officers of Companies of N.A.-U.K. Conference.

*Exhibit No. 3:* Names of representatives in Canada of Companies of N.A.-U.K. Conference.

Mr. MONTGOMERY, K.C.: I assume it will not be necessary to read them; they are long lists.

The CHAIRMAN: No.

*By Mr. Montgomery, K.C.:*

Q. Question number four; "Copies of any agreements relating to the Conference, and if any verbal agreements or arrangements, a summary of them." If convenient, you may also treat with number five at the same time, which calls for rules and regulations of the North Atlantic U.K. Conference. What have you to say as to those two questions?—A. In regard to number five, there is no formal set of rules.

Mr. MONTGOMERY, K.C.: I draw Mr. Symington's attention to the fact that that is not the North Atlantic U.K. Agreement but is the only agreement which we have been able to find, and we produce it, such as it is, for your information. It really does not govern the freight tariffs at all. We have them for the others, but there is none for that particular Conference, I am informed.

Mr. SYMINGTON, K.C.: None for the North Atlantic and U.K.?

Mr. MONTGOMERY, K.C.: Perhaps it may clear the matter up now, which would lead to a better understanding, if I remark that there is nothing secret about any of these agreements. In the United States Shipping Board they all have to be filed in Washington; others will be produced, which we have here. As to these, in the 1916 Act there was a provision requiring the filing of all these agreements, and unless disapproved by the Board, or any particular clause being disapproved, they are valid, and do not fall under the operation of such acts as the Sherman Act, or any of these acts. They are all required to be filed. As regards this Conference: The North Atlantic U.S. East Bound Freight Conference: there was no agreement. The secretary could only find in Washington a declaration enumerating the lines which are parties to this Conference, and state they were in agreement upon freight rates. I have asked for a copy of the actual documents, so you will have all the official information upon it. That will come and will be available. We have some of the agreements by some of the other Conferences.

Mr. SYMINGTON, K.C.: My learned friend wrote me something to that effect and I answered him and wanted him to look it over carefully, because I have some information on the subject, and while I quite agree that my learned friend is giving us what he knows exists, I do know that in 1922, at all events, in the North Atlantic U.K. Conference the Furness-Withy Company were accused of some misdemeanours, and their answer was they could not find anything in the Conference Agreement which prevented them from doing those things, and a discussion took place, which indicates to me that there was an agreement of some kind.

Sir HENRY DRAYTON: Were there proceedings had?

Mr. SYMINGTON, K.C.: Yes, in the Conference. They were accused of a breach of this Agreement, and they said: "We do not so construe the Agreement," which indicates there must have been an agreement of some sort.

Mr. MONTGOMERY, K.C.: Perhaps my learned friend will show me the reference which he has made in order to clear up any misunderstanding there may be,

because certainly none of these lines party to this Conference, know of its existence, nor does the Secretary, nor does the Secretary of the Central Office. If he will show me the reference, no doubt we can clear the matter up. I think you will find that the information given is correct.

*By Mr. Montgomery, K.C.:*

Q. Does your answer cover question number five, which is: "Rules and regulations of the North Atlantic U.K. Conference," as well as written agreements?—A. Yes.

Mr. MONTGOMERY, K. C.: I may make a further explanation of that. My learned friend will no doubt find some of the things he is looking for in the minutes which will be produced, in answer to a subsequent questionnaire. Matters have come up for discussion which might well be called "Rules and Regulations" because minutes were made of it, and had their binding effect upon the Conference. Those have never been collected and codified, but information will be found in respect to those in the minutes. It is a bulky thing.

Mr. SYMINGTON, K.C.: I also notified my learned friend that it seemed to me there must be some rules and regulations in printing, because again there was difficulty over a breach of confidence in this Conference, and a discussion took place in the Conference. There is in the minutes of this Conference the following:—

"Each member is bound in honour to consider and maintain all questions and answers that may be considered or adopted in meetings or by correspondence in connection therewith, as sacred and confidential in the highest degree."

That, being a quotation, would seem to indicate there were rules and regulations.

Mr. MONTGOMERY, K.C.: Do you know what agreement you are quoting from?

Mr. SYMINGTON, K.C.: This say "The rules."

Mr. MONTGOMERY, K.C.: There are a great many Conferences.

Mr. SYMINGTON, K.C.: That is the North Atlantic Conference, at a meeting of the Conference held in April, 1922.

Mr. MONTGOMERY, K.C.: The reason I asked that question was that I notice these words occur in other Conference agreements which we are producing here, and it may be that the same phrase is quoted in the minutes of the North Atlantic. I have not checked that up. However, we can easily verify that after the adjournment, and not take the time of the Committee now.

*By Mr. Montgomery, K.C.:*

Q. Question number six: "Rules and regulations of the North Atlantic Continental Conference." As to number four, you have filed for what it is worth the only agreement we have been able to find?—A. Yes.

Sir HENRY DRAYTON: What is filed in regard to question five?

Mr. MONTGOMERY, K.C.: There are none. Such as there are will appear in the minutes themselves and will come in under a later question. It might be convenient to the Committee that I should point out that the Agreement which was filed is an old agreement of 1904, which was signed by the Lines of that date. The names have changed very considerably since then and my instructions are that none of the Lines which have entered the Conference since that time are parties to that agreement in fact, even its existence had been completely forgotten. It was not in Montreal; we obtained it from New York.

*By Mr. Montgomery, K.C.:*

Q. That is correct, Colonel Gear?—A. That is correct.

[Col. William I. Gear.]



Q. Question number six: "Rules and regulations of the North Atlantic Continental Conference." You have those, have you not, Colonel?—A. Yes.

Q. I would like to draw your attention to the fact that certain of the rules are marked "Not yet adopted or effective." That regulation hold good up to the present time?—A. Right up to the present time.

Q. One of them was a requirement for a cash deposit by the subscribing members—that is rule 14; rule 15 was an arbitration agreement; 16 was one of the withdrawal rules?—A. Yes.

The CHAIRMAN: Mr. Montgomery, were those number six rules limited to the North Atlantic?

Mr. MONTGOMERY, K.C.: These are all complete and quite lengthy. I believe under rule 17 of this Trade Agreement the clause which my learned friend was quoting a few minutes ago appears:—

"Each member is bound in honour to consider and maintain all questions and answers that may be considered or adopted in meetings or by correspondence in connection therewith, as sacred and confidential in the highest degree."

That is the same clause to which he referred.

*By Mr. Montgomery, K.C.:*

Q. That agreement, with other like agreements, has been filed with the Department of Public Records in Washington?—A. Yes, it has been filed in Washington.

Q. Question number seven: "Rules and regulations of the North Atlantic West Bound Conference." I understand that has not arrived from England and there is nothing on this side?—A. No; we are getting that from England, and are expecting it in a boat or two.

Q. That is something the Conference on this side of the water have nothing to do with?—A. We have nothing to do with it, and have nothing to do with its conditions.

Mr. MONTGOMERY, K.C.: I assume the same Lines as operated from there would be in the West Bound Conference?

Mr. SYMINGTON, K.C.: Yes, I want to get that clear on the notes; the Robert Reford Company are not members, but the Lines they represent are members.

Mr. MONTGOMERY, K.C.: Yes; we are getting the information which will be made available, so we shall have it in fact, which will be better than to speculate about it.

*By Mr. Montgomery, K.C.:*

Q. You have written for full information?—A. Written for full information.

Q. And for copies of all the document?—A. Yes.

Q. Now, questions eight and ten refer to the Canadian Liner U. K. Committee, and read as follows: "Number 8: Rules and regulations of the Canadian Liner U. K. Committee," and "Number ten: Any agreement between members of Canadian Liner Committees."

The CHAIRMAN: What about number nine?

Mr. MONTGOMERY, K.C.: That is the Continental. I was grouping the two Canadian together, as it is answered by the same answer.

The CHAIRMAN: You are answering eight and ten together?

Mr. MONTGOMERY, K.C.: Yes; there are no agreements; that is why we answer them together. We have the minutes, though.

*Exhibit No. 8.*—Minute regarding C. L.-U. K. Committee.

*Exhibit No. 10.*—Ditto.

The WITNESS: Shall I read it?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: Questions eight and ten:—

“The Canadian Liner Committee was first established in September, 1918, at a meeting called by the Director General of the British Ministry of Shipping, for the purpose of interchanging ideas with a view to efficiency in loading and despatching of ships and dealing with matters of general interest.

“Prior to this time, the Canadian Steamship Lines used to confer with one another individually.

“There are no rules, regulations or written agreements.

“Meetings are held weekly.”

Mr. MONTGOMERY, K.C.: We will file these so you will have ample opportunity of looking them over and asking any questions you like.

*By Mr. Montgomery, K.C.:*

Q. Question number nine: “Rules and regulations of the Canadian Liner Continental Committee.” What have you to say as to that?—A. There are none.

Q. Is there a Canadian Liner Continental Committee?—A. No, there is not.

*By Mr. Symington, K.C.:*

Q. When did it cease?—A. I don't think we ever had one.

Q. You would know, Colonel. Did you ever have one?—A. Not that I know of.

Mr. MONTGOMERY, K.C.: No one I have asked has any knowledge of such a committee. They have a Canadian Weekly Committee.

Sir HENRY DRAYTON: Would it not be better to clear these things up as we go along? Has Mr. Symington anything to ask on that?

Mr. SYMINGTON, K.C.: Perhaps it could be cleared up in this way: The Committee which does meet every week and sometimes oftener, deals with Continental matters as well as with U. K. matters, does it not, Colonel?

The WITNESS: Not that I know of.

Mr. MONTGOMERY, K.C.: You will be given the entire minutes. I was wondering if there was any misunderstanding about that or anything we can clear up for you, because I have not been able to get any information about such a committee.

Mr. SYMINGTON, K.C.: I have been informed they did not discuss Continental matters separately.

Mr. MONTGOMERY, K.C.: The minutes are very full and voluminous and will be before you. There may be references in the minutes to Continental matters.

Mr. MONTGOMERY, K.C.: We do not need to speculate about that, because the minutes will be filed.

*By Mr. Montgomery, K.C.:*

Q. Question number eleven: “Minutes of North Atlantic U. K. Conference Meetings, New York and of Montreal, 1920-1925.” Will you produce those, Colonel?—A. I produce the complete files.

Sir HENRY DRAYTON: I think those should be identified in some way.

The CHAIRMAN: We had better number the sheets. Put them in as one exhibit and number the sheets.

*Exhibit No. 11.*—Minutes of meeting N. A.-U. K. Conference New York-Montreal 1920-25.

The CHAIRMAN: The exhibit will bear the same number as the question bears, to which it has reference.

Mr. SYMINGTON, K.C.: There are some not filed as yet, so there will be some missing numbers.

*By Mr. Montgomery, K.C.:*

Q. Question twelve: "Minutes of Canadian Liner Committee 1920-25"; you have those, Colonel Gear?—A. Yes.

Mr. MONTGOMERY, K.C.: They are grouped by years, and the five years are here. We are producing the minutes separated into the years 1920, 1921, 1922, 1923 and 1924.

The CHAIRMAN: I would suggest we call them Exhibits numbers 12A, 12B, 12C, 12D and 12E.

*Exhibits 12A.*—Minutes referred to; 1920.

*Exhibit 12B.*—Ditto, 1921.

*Exhibit 12C.*—Ditto, 1922.

*Exhibit 12D.*—Ditto, 1923.

*Exhibit 12E.*—Ditto, 1924.

Mr. MONTGOMERY, K.C.: Thirteen. We were asked to produce the minutes of the Continental Liner Committee; I think we have already stated that there is no such committee.

The WITNESS: There is no such committee.

Mr. MONTGOMERY, K.C.: Fourteen and fifteen we have not been able to get together yet. That is a tremendous job; I have not seen a bit of it yet, and I do not think it is ready. We will get that at the earliest possible moment.

Mr. SYMINGTON, K.C.: May I explain to my friend that we do not want to be swamped with letters, but as I understand the procedure, when there is a rate change, New York notifies Montreal, and Montreal notifies these various members.

Mr. MONTGOMERY, K.C.: That is what you want?

Mr. SYMINGTON, K.C.: Yes.

Mr. MONTGOMERY, K.C.: That more simplifies the matter, because you can understand that getting all this correspondence together would be a tremendous task.

Mr. SYMINGTON, K.C.: Just the correspondence as to rate changes.

The CHAIRMAN: Might I suggest the advisability, Mr. Symington, of asking Mr. Montgomery to produce letters in which they complain that one or the other is not maintaining rates.

Mr. MONTGOMERY, K.C.: You mean protests by one member?

The CHAIRMAN: Yes.

Mr. SYMINGTON, K.C.: For instance, if the Gulf Conference wanted to lower the rate, and the Canadian Conference protested and so on, just to show the method by which these conferences operated in respect to the rates.

Mr. MONTGOMERY, K.C.: Sixteen, you have asked a very general question there.

"The same information and material relating to Conferences of North Atlantic with respect to passenger traffic."

If my learned friend could simplify that question a bit, and reduce it down to what he really does want, it will be better, because that embraces every-

[Col. William I. Gear.]



thing that has gone before in respect to passenger conferences, which I had understood was rather secondary as far as this question was concerned. We want to get every bit of information you asked for, but on the other hand I am sure you would not want us to bring a mass of material you do not want.

MR. SYMINGTON, K.C.: I think my learned friend's objection is very well taken. We do not want the evidence of the passenger conferences in existence, and we want particularly all correspondence, minutes, and so on with respect to immigration rates, division of immigration territory and so on, dealing with immigrants.

MR. MONTGOMERY, K.C.: The agreements are readily available; they are matters of public record and anyone can get them. They have been such for numbers of years past, and are approved by the United States Board. We can easily get copies and will give them to you. Have you copies of those, Mr. Flintoft?

MR. FLINTOFT: Yes.

MR. MONTGOMERY, K.C.: I will give you all we have now, and anything else you want we will try to get for you, only please do not ask for more than you really require, because it is an awful job.

THE CHAIRMAN: Mr. Montgomery, just before you proceed to another point, the clerk of the committee points out to me that this correspondence produced now, Number 12, goes down to apparently January 24, 1924.

MR. MONTGOMERY, K.C.: I do not know; I have not checked it over myself.

THE CHAIRMAN: There does not seem to be anything in 1925.

MR. SYMINGTON, K.C.: 1925 is not here. It will be furnished, I understand.

MR. MONTGOMERY, K.C.: Yes. You do not want the minutes referring to the appointment of counsel and so on?

MR. SYMINGTON, K.C.: That is exactly what we want.

THE CHAIRMAN: Now, Mr. Symington, we have fourteen and fifteen, have we?

MR. SYMINGTON, K.C.: They will put in what they have, and it will be checked over, and we can see what is there. It is pretty hard to tell just now. As I understand it the 1925 correspondence is not here.

MR. MONTGOMERY, K.C.: There is not any correspondence there; those are the minutes you are looking at, and they are just what I said they were, for 1920, 1921, 1922, 1923, and 1924.

MR. SYMINGTON, K.C.: Well, we want 1925, please, because after all that is very important.

MR. MONTGOMERY, K.C.: You might find something uncomplimentary in there.

MR. SYMINGTON, K.C.: I have no doubt.

MR. MONTGOMERY, K.C.: Now, sixteen. We will give you what we have.

THE CHAIRMAN: This is in reply to what?

MR. MONTGOMERY, K.C.: Number sixteen, Mr. Chairman.

THE WITNESS: As far as we have it. It is a list of the North Atlantic Passenger Conference. Do you wish me to read it?

MR. SYMINGTON, K.C.: I do not think so; it is a pretty long list, and I think we can take it that all the lines belong to it.

MR. MONTGOMERY, K.C.: I have no doubt that even includes the Canadian Merchant Marine.

[Col. William I. Gear.]

The WITNESS: It includes the Atlantic Conference Agreement F. 1, S. 1, S.T. 1, and the British and Irish third class passenger traffic.

Mr. SYMINGTON, K.C.: This, I suggest, will be Sixteen A, B, C, D, E and H.

Mr. MONTGOMERY, K.C.: We have here in addition to that a bundle of minutes—

Mr. SYMINGTON, K.C.: This is Sixteen yet, the Passenger Conference?

Mr. MONTGOMERY, K.C.: No, Seventeen.

Mr. SYMINGTON, K.C.: Have you no minutes of Sixteen?

Mr. MONTGOMERY, K.C.: I thought those were the minutes of Sixteen, but they are not.

The CHAIRMAN: Are we on Seventeen now?

Mr. MONTGOMERY, K.C.: I am dealing now with something with which Mr. Flintoft is much more familiar than I am.

Mr. FLINTOFT: I might say, sir, that this bundle as put in under Sixteen covers the minutes of the Continental Conference from September 15, 1921, to December 19, 1924. There have been three meetings during 1925—

The CHAIRMAN: Dealing with what subject, sir?

Mr. FLINTOFT: These are the minutes of the Continental Conference, put in under Sixteen F.

Mr. SYMINGTON, K.C.: That is passenger?

Mr. FLINTOFT: That is passenger. There have been three meetings since, but the minutes have not yet been formally confirmed. They will be confirmed in the course of the very near future, and copies can be supplied. Then there is also a bundle of minutes of the Trans-Atlantic Passenger Conference meetings, beginning April 18, 1922, up to and including October 31, 1924, filed as 16 G. There have been several meetings since, but the minutes have not yet been formally confirmed and as soon as they are confirmed they will be available. As far as the North Atlantic Passenger Conference is concerned, which is referred to in these agreements also, this conference has practically been inactive, as far as holding meetings is concerned, for over twenty years. The lines that are members of it are also members of the continental Conference, which is here, and the matters affecting these lines are dealt with in Continental Conference meetings. I think you will find that covers everything in respect of the passenger conferences, with the exception of these recent meetings, the minutes of which have not yet been confirmed.

The CHAIRMAN: It is understood that as soon as these minutes are confirmed, copies will be supplied?

Mr. FLINTOFT: Yes, we have no objection to supplying those. I might say, sir, that there are some minutes of Montreal meetings which, unfortunately, we have not extra copies of. I do not think Mr. Symington will find anything that is very heinous in those minutes, but we would be very glad to have him examine them, and if he does not require to have them filed, we would prefer to keep them, because they are the only records we have, and if they have to be filed we will have to make extra copies.

Mr. SYMINGTON, K.C.: I will look them over.

Mr. MONTGOMERY, K.C.: If you do not want them it will save a lot of work. Now I will take Seventeen.

“All minutes of joint meetings between North Atlantic Conference and South Atlantic and Gulf Conferences.”

The WITNESS: I have those, filed as *Exhibit No. 17A*.

Mr. MONTGOMERY, K.C.: As to that, it might be of information to the committee to know what is the status of what is known as the Tripartite Conference at the present time, because it no longer exists. It did exist until quite recently. The matter was gone into quite fully in the United States, it was a subject of litigation down there, and I have before me and will be glad to file if you wish, a copy of the decision which was rendered on the 20th of January, 1925. It is a very recent thing, and it will give you the status, as to why it went down, and why there is no longer that Tripartite Conference. Perhaps I will just read the heading of the judgment, and you will have the status at the present time. It is a case between the United States Shipping Board—

Mr. FLINTOFF: It is before them.

Mr. MONTGOMERY, K.C.: It was before the United States Shipping Board, the Port Utilities Commission of Charleston, S.C., against the Carolina Company and others, *Exhibit No. 17 B*, and the heading reads:—

“On Export Traffic to certain foreign destinations, existing differentials and rates not shown to unduly prejudiced South Atlantic ports in favour of North Atlantic ports, as alleged”;

That is the first. Then,

“maintenance of same rates from Atlantic and Gulf ports on so-called parity commodities not shown to constitute undue prejudice or unjust discrimination, as alleged.”

Then,

“Upon investigation, present rate adjustment between North Atlantic, South Atlantic, and Gulf ports to foreign destinations indicated not shown to be unduly prejudicial or unjustly discriminatory.”

Mr. SYMINGTON, K.C.: This is a law report which my learned friend is reading into the evidence.

Mr. MONTGOMERY, K.C.: “Tripartite Conference Agreement unfair as between carriers, and operates to the detriment of commerce of the United States.” And the finding is followed by an order which dissolved the Agreement to which the last minutes referred.

Sir HENRY DRAYTON: I think Mr. Montgomery might explain the functions of the United States Shipping Board.

Mr. MONTGOMERY, K.C.: I have here, and it would probably be a convenience to have it, the Shipping Act passed in 1916, which has been amended on several occasions since, and the Merchant Marine Act, which defines their functions. We will no doubt have occasion to refer to them. Insofar as it is relevant to the present enquiry, these proceedings were decided under section 15 of that Act. Under section 15 it is provided that “every common carrier by water, or other person subject to this Act, shall file immediately with the Board a true copy or, if oral, a true and complete memorandum of every agreement with another such carrier or other person subject to this Act, or modification or cancellation thereof, to which it may be a party or conform in whole or in part, fixing or regulating transportation rates or affairs, giving or receiving special rates, accommodations, or other special privileges,—” and so on; it is quite lengthy. “The Board may, by order, disapprove, cancel, or modify any agreement or any modification or cancellation thereof, whether or not previously approved by it, that it finds to be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports,” and so on. Any such agreements are declared lawful until disapproved. Then as to new ones, “ones approved by the Board to be lawful.” The next is, “Every agreement, modification, or can-



cellation lawful under this section shall be excepted from the provisions of this list of anti-trust laws," and so on. These agreements we have filed have all been filed in Washington and have not been disapproved, and consequently are excepted from laws such as the Sherman Anti-Trust Law and so on. All that anti-trust legislation was done in the United States. Now, this particular suit that I have referred to was a complaint in which the Board was exercising its functions under this Act; it was called upon to disapprove or approve of certain clauses under the contract, and the practice in operation of this agreement. The matter was very fully enquired into and the Board decided, as regards some functions, that they were not unfair and were not against the interests of the shippers, and as regards others, that conference was declared to be unfair and was set aside. That is one of the important functions of the United States Shipping Board, to hear and decide all these questions.

Hon. Mr. McMURRAY: Do you know the personnel of that Board, and the officials?

Mr. MONTGOMERY, K.C.: I do not know them off-hand.

Mr. SYMINGTON, K.C.: We have that in the library, in their annual reports. The Act is there and the report is there.

Mr. MONTGOMERY, K.C.: They are functioning constantly and have supervision and control over all these conference agreements, not only over the agreements themselves but over the entire operation of all lines run under these conference agreements, and they are in a full position to approve or disapprove of anything which they may consider fair or unfair.

Sir HENRY DRAYTON: What is the reason for interjecting this judgment here? Does it affect any of our conferences here?

Mr. MONTGOMERY, K.C.: No, except that my learned friend asked for it in his questionnaire, as to questions between the North Atlantic, South Atlantic, and Gulf Conferences. He asked for the minutes, and we have produced them for what they are worth, the minutes of that Tripartite Conference, while it existed and at the same time I explained that that had been dissolved by this judgment.

Sir HENRY DRAYTON: If we are going to cover everything as well as our own work we will never get through.

Mr. SYMINGTON, K.C.: The reason I asked for that was to show what existed. I knew what the condition was; I happened to be in Chicago at one of their meetings, and they discussed matters between their conferences and fixed certain rates. It was an annual meeting, at which they laid down certain rules and regulations. My learned friend now says that conference has ceased to function.

Mr. MONTGOMERY, K.C.: I can assure my learned friend I did not know he had been in Chicago at one of the meetings; we are trying to get him every bit of information available and while personally we may consider it irrelevant, he has it now with the explanation that such as it was, it no longer exists.

As to 18, 19 and 20, they refer entirely to the Pacific Coast Conferences, and none of the liners operating in the Atlantic are members of it, or have any knowledge of it, excepting the Canadian Pacific Railway. They are the only ones who would have knowledge of it. I would prefer that Mr. Flintoft would give any explanation he wishes to make. I do not know whether you refer there to Pacific U.K. or the Far East. I do not suppose you are interested in the Far East.

Sir HENRY DRAYTON: We are nearly covering the world now; we might as well finish it.

Mr. SYMINGTON, K.C.: It is very easy to put in the names.

Mr. FLINTOFT: It was not very clear from the question, but there is no such thing as the Pacific Coast Conference. Mr. Symington now says he refers to the Oriental Far East one. We thought from this question that what he had in mind was some agreement in relation to the Pacific Coast U.K. trade, and there is no such agreement. I have here, however, the names of the lines who are parties to the Oriental agreement, and I can give them to the committee.

Mr. SYMINGTON, K.C.: We can probably shorten it with the names given, if my learned friend would make the statement that as far as traffic shipped from the Pacific Coast is concerned, the same practice is followed that is followed in the conferences that exist on the Atlantic.

Mr. FLINTOFT: That is too broad. As I have just explained, there is no agreement in the Pacific Coast U.K. trade.

Mr. SYMINGTON, K.C.: I mean the Oriental trade.

Mr. FLINTOFT: As far as the Oriental trade is concerned——.

Mr. MONTGOMERY, K.C.: I think you will find conferences in every nation and under every flag on the globe.

The CHAIRMAN: Unfortunately for the consumers, yes.

Mr. MONTGOMERY, K.C.: But not so in the shipping business. I mean, if there is any nation on the face of the earth that is trust-busting, it is the United States, and the United States has perhaps gone into this thing as fully as anyone. The matter has been very fully and very carefully gone into, and while they do exercise a certain degree of control, they frequently approve of the agreements and practices which are being followed out by their lines. I do not think you can get any stronger evidence than that.

Mr. SYMINGTON, K.C.: My learned friend is making an ex-parte statement, and I think we should get the material in.

Mr. MONTGOMERY, K.C.: I was making a statement in reply to the Chairman.

Mr. FLINTOFT: I suppose that the Chairman, as an agriculturist, knows that even the agricultural industry is, to some extent, in the same condition.

Mr. SYMINGTON, K.C.: Let us get the shipping ones first.

Mr. FLINTOFT: I have this on file, sir, and I will get a copy made, but in the meantime I will read the names and file the copy shortly. These are the names of the members of the Pacific West-bound Conference, as it is called. The Northern district has its headquarters, I may say, at Seattle, and comprises the Admiral-Oriental line, Blue Funnel line, Canadian Government Merchant Marine, Canadian Pacific Steamships Limited, Columbia Pacific Steamship Company, and the N.Y.K., a Japanese company whose name I will not attempt to pronounce, and the O.S.K.

The Southern District, with headquarters at San Francisco comprises the Pacific Mail Steamship Company, the Robert Dollar Company, Struthers & Barrie, and the Pacific Shipping Company. I might mention that all these lines, the Admiral, Oriental and Columbia Pacific Shipping Company, the Pacific Mail and Struthers & Barrie are all operating ships of the U. S. Shipping Board, and I understand that the U. S. Shipping Board has a representative attending these Conference meetings.

As to the minutes of these meetings to 1925 asked for: They are being obtained from the Pacific Coast; some delay has occurred in bringing them forward. They have to be obtained from Seattle.

Mr. SYMINGTON, K.C.: The Canadian Pacific is a member?

Mr. FLINTOFT: Yes.

Mr. SYMINGTON, K. C.: Do they not get the minutes?

MR. FLINTOFT: Yes, we have our record copy, but if it is agreeable, we would prefer to file the extra copy when it comes forward. As to the correspondence: I am informed that the correspondence in regard to the Pacific Conference is carried on between the Vancouver office and the Seattle headquarters. It is not available here, and is not assembled in the same way as the correspondence here with the various Atlantic Conferences. I understand the way they do out there is to carry on the correspondence in reference to various commodities, and they are all filed separately, and it practically means transporting the files of the Vancouver office down here, and I think, as far as effective action is concerned, the minutes will cover everything.

MR. SYMINGTON, K.C.: We will look them over.

MR. MONTGOMERY, K.C.: Are we so terribly interested in the Far East Conferences? I have noticed in references in the Press lately that some gentleman suggests a subsidy on the Pacific Coast similar to that on the Atlantic, but I do not think we are particularly interested in that now.

MR. SYMINGTON, K.C.: All I can say is that the rates under the various arrangements reading to Canadian ports include the Pacific as well as the Atlantic. So far as this information is concerned, all I want to get before the Committee, if it is a fact, is the fact that the Conference meets out there and fixes rates, presumably the same way as the Atlantic Conference.

MR. FLINTOFT: Generally speaking, that is a fact.

THE CHAIRMAN: Is that satisfactory, Mr. Symington?

MR. SYMINGTON, K.C.: When they file what they file I will look over the minutes and they may be perfectly satisfactory.

*By Mr. Montgomery, K.C.:*

Q. Question twenty-one: "Names of any other Conferences to which any of the members of any North Atlantic Conference belong". We have been doing our best to get that information, but to find out if any other member belongs to any other Conference is obviously information which can only be secured from headquarters. Colonel Gear, will you give us all the information you are able to obtain to date?—A. The Furness Withy & Co. Limited belong to the North Atlantic West Bound Freight Association, the Canadian North Atlantic West Bound Freight Concern, the Atlantic East Bound Freight Association and the Pacific Coast United Kingdom Conference. The Passenger Conferences include the Atlantic Conference, the North Atlantic Passenger Conference. The Thomson Line, the Cairn Line, and the Anchor-Donaldson, belong to the North Atlantic Freight Conference, the White Sea Conference, and the North Atlantic Freight Conference and Passenger Conference; the Donaldson Line belongs to the North Atlantic Freight Conference. The other lines we have not been able to get, but as soon as we do they will be filed.

MR. SYMINGTON, K.C.: I suppose Mr. Flintoft can give us what the C.P.R. belong to.

MR. FLINTOFT: I had nothing to do with the compilation of this information, but whatever relates to the C.P.R. is there and will be filed. We are not trying to hold anything back.

*By Mr. Montgomery, K.C.:*

Q. Question twenty-two: "List of boats owned or operated by each Line in the North American Conference showing deadweight available for cargo, cubic capacity available for cargo and passenger capacity; their age, original costs, amount written off and present value."

We are collecting information on that, but that is a tremendous order you have given us, and upon that I may want to have some understanding with you, Mr. Symington, as to certain matters there which are purely domestic, and really matters which should not be spread upon the records of this Com-



mittee, but it will be made available to you and you can look it over and then we will decide as between the Chairman and ourselves as to how matters should be handled.

The information is being secured.

Mr. SYMINGTON, K.C.: What information would you suggest under question twenty-two would hurt any of the companies?

Mr. MONTGOMERY, K.C.: I think we can discuss the matter better when we have it before us, such as the questions of "Amounts written off," and "present values." The question is not an easy one to answer because from the general information I have been able to get, although the records are not, as a rule, kept on this side, I learn that the reserve for depreciation is not allocated to specific boats; the practice is not uniform upon that point.

Mr. SYMINGTON, K.C.: You will submit it?

Mr. MONTGOMERY, K.C.: Yes. Many of them, when they can do so, make an appropriation from profits, when there are profits, to write down their fleet, and in many cases, I am informed, it is not specifically applied to boat A or boat B; they write down the depreciation of the fleet; some of them do specifically allocate that depreciation as between boats. Practices differ. I have not the information before me as yet, as it has to come out, like many other things, from England.

*By Mr. Montgomery, K.C.:*

Q Now, in regard to question twenty-three: "Revenue manifests months of May, August, October and December in each year, 1912 to 1924." I am sure, if my learned friend saw that—and I have invited him to see it—he would agree with me it would be impracticable and would serve no useful purpose to place these before this Committee. They are perfectly huge things.

In regard to question twenty-four: "All tariffs, including supplements and amendments issued by U.K. North Atlantic Conference 1912 and '13 and 1920 to '24?—A. I will submit these, sir.

The CHAIRMAN: Put them in as Exhibit No. 24.

*By Mr. Montgomery, K.C.:*

Q. Now, question twenty-five, still on the subject of tariffs: "All tariffs of West Bound commodities 1912 and 1913 and 1920 to 1924"?—A. That is to be obtained; we are getting that.

Mr. MONTGOMERY, K.C.: It is not available on this side of the water; it has to be obtained from the other side, where these tariffs are promulgated. They will be available to the Committee.

Number twenty-six. I take it, is to be a duplication of numbers twenty-four and twenty-five.

Mr. SYMINGTON, K.C.: I take it, Mr. Montgomery, that in these tariffs you are filing, as Sir Eugène (Fiset) pointed out, numbers twenty-four and twenty-five refer to commodities. I presume you will file the tariffs covering everything?

Sir EUGÈNE FISET: You said numbers twenty-four and twenty-five covered commodities only; number twenty-six would cover passenger rates as well. I think if you add to number twenty-six your passenger rates, you will complete the whole file.

Mr. MONTGOMERY, K.C.: Well, Sir Eugène (Fiset), I would have to check that to make a positive statement. I know we assumed that number twenty-six was a duplication of numbers twenty-four and twenty-five and I am glad to learn that my learned friend is of the same opinion. If there is anything that is not there, we can easily arrange to have it supplied.

Mr. SYMINGTON, K.C.: I think I might state that I would like to get the complete tariff of emigrants and, perhaps, second and third-class West Bound.

The WITNESS: We have given you this, and anything missing will be supplied later.

Mr. MONTGOMERY, K.C.: Question number twenty-seven: "Copies of any Agreements with railway lines with respect to ocean and railway traffic, divisions, and so forth"? The information I have upon that is that there is no agreement with railway lines *re* East Bound traffic, unless my learned friend referred to that provided by the Railway Board, which is not an agreement.

Mr. SYMINGTON, K.C.: I do not want those.

Mr. MONTGOMERY, K.C.: So there is nothing East Bound of which we have any information. If there is anything of which my learned friend knows, or that he has in mind, I would be glad to have it looked up for him. As regards West Bound: there is an agreement between a line and the Canadian National Railways.

Mr. MONTGOMERY, K.C.: Question number twenty-eight: "Details of operating accounts of ships, 1912 to 1924, whether by voyage or by month."

Question number twenty-nine: "This to set forth in detail various items and classes of expenditure, preferably copies of voyage sheets or journey books," and number thirty is: "Balance sheets of companies with depreciation shown." I made a suggestion to my learned friend that perhaps we may deal with this at the time we are considering the manifests, and these can all be discussed at the same time. As regards these questions, numbers twenty-eight, twenty-nine and thirty, we found this information was exceedingly bulky; much of it was difficult to obtain from the other side.

Mr. MONTGOMERY, K.C.: Major Curry, who represents the White Star Line, informs me that it is the White Star-Dominion Line that has the agreement with the Canadian National Railways, and there is absolutely no reason why their name should be withheld.

Mr. JOHNSON: Mr. Chairman, I just wanted to ask Mr. Montgomery about questions four and five. In answering questions four and five he filed an agreement, and that agreement is dated 1904. Is the committee to understand that is the only agreement in evidence?

Mr. MONTGOMERY, K.C.: That is the only one in reference to the United States, except where you will find after a perusal of the minutes where something different has been done. My instructions are that that is the only general agreement and in fact that does not cover the particular subject matter we are on now. Perhaps it is confusing on my part. You will notice that the title is not that of this conference, but I brought it in order that we might show everything we had. As regards that particular conference, for one reason or another, it has never been reduced to an agreement, and in Washington when they were required to file all conference agreements, I am informed that all they were able to file was a declaration, an actual copy of which I will see is placed before the committee.

The CHAIRMAN: Just to return to the matter we were discussing, Mr. Symington, what have you to say to the suggestion that you and I spend part of the week-end going through the books of these companies to see whether we can find out what is required there, rather than have them brought to Ottawa? Of course, gentlemen, you will understand how much easier it would be for Mr. Symington if we had the books here. I am quite of the opinion that it would be unfair to divulge the business of one line to another line. We will not do that; we will work out some system whereby that will not be done. In an investigation conducted by a committee similar to this one some two years ago, the question of the costs of the sugar refiners was before us, and they made the

same objection to the production openly of their costs of manufacture. What we did in that case was to sit in camera; we had a representative from each large sugar refinery come before us, and they very frankly divulged their costs. These costs were not made known to their competitors nor to the public, but it did assist us in our deliberations. I would be very loathe to press any additional work on Mr. Symington, who will have his hands very full. It seems to me that as much as possible the lines, even at the cost of a little displacement of books, should be prepared to meet his desires in every possible way. However, there is no better plan to get people to help you than to show a readiness to help them, and if Mr. Symington is willing to spend some hours this week-end with me in some steamship offices, on Saturday afternoon, when we can have the run of the books with someone to show us where we can get the information we are seeking, I am quite willing to try it, but I would not like in any way to waive our rights to ask you to bring the books here. I merely make this suggestion because of Mr. Symington being in charge of the investigation in a way in which I am not.

Sir HENRY DRAYTON: I would make a formal motion that the Chairman be and is hereby empowered to engage such actuarial and accounting assistance as he may deem necessary.

The CHAIRMAN: Will someone second that?

Hon. Mr. McMURRAY: I will second that.

Motion agreed to.

Mr. SYMINGTON, K.C.: Does that give you the power to direct where the books are to go and so on?

Sir HENRY DRAYTON: We are to take that up next time.

Mr. MONTGOMERY, K.C.: You can get the report, and then you can tell us what books you want, without bringing them all.

Sir EUGENE Fiset: Is it true that such a compendium of information exists for all cases?

Mr. MONTGOMERY, K.C.: No, it does not. I may say to Mr. Symington that if he meets with some of the accountants we have in the room, they could decide in five minutes what we in the committee could discuss for five hours without getting any further. Five minutes' discussion will, I think, clear the thing between them.

Mr. SYMINGTON, K.C.: Then will we go on to the next item?

Mr. MONTGOMERY, K.C.: Thirty-one. "Revenue of receipts from wheat; revenue of receipts from cattle; revenue of receipts from commodities controlled by conference." We have given you a little more detailed information than you asked for.

Mr. SYMINGTON, K.C.: What about the balance sheets of the company?

Mr. MONTGOMERY, K.C.: That will go in with it.

The WITNESS: Here are the statements; these will go in, I presume.

Mr. MONTGOMERY, K.C.: What are the headings?

The WITNESS: "Statement of freight earnings on Manchester Line and Furness Line steamers, for calendar year 1924; White Star-Dominion Line, east-bound freight department; Canadian Pacific Steamships Limited, and statement showing revenue on commodities shipped during season 1924 as specified below by the Cunard line to London, Liverpool and Avonmouth; Anchor-Donaldson Line to Glasgow, Thomson-Cairn line to Leith and Newcastle."

The CHAIRMAN: Those are just certain of the lines?

Mr. SYMINGTON, K.C.: I think those are all the members of the Canadian Liner Committee.

[Col. William I. Gear.]



Sir HENRY DRAYTON: I think those should be printed in the evidence.

Mr. SYMINGTON, K.C.: I have not seen them, but I thought we could look over these things; some of them can go in and some may not. I expect we will want to read this.

Sir HENRY DRAYTON: There is not a bit of good expecting us to remember these things, and when you get hold of something which shows the result, we ought to have it in our minutes, in our evidence, so we will know where we are.

Mr. SYMINGTON, K.C.: May I suggest that is exactly what I am trying to avoid, that I intend to go over all these various productions and I will submit to the committee for their judgment the things which should be read into the record. These earnings can go in, if you want them.

The CHAIRMAN: It is just a question. It seems to me these earnings should go in, but perhaps if there are others which should go in as well, the earnings might follow.

Sir EUGENE Fiset: You are dealing with one special question, and the answer is complete. Why not put it in the proceedings?

The CHAIRMAN: Very well.

*Exhibit 31: Statements of earnings.*

STATEMENT OF FREIGHT EARNINGS ON MANCHESTER LINE AND FURNESS  
LINE STEAMERS, FOR CALENDAR YEAR 1924, ON:

Grain.. . . .	\$ 662,951 61
Lumber.. . . .	225,210 52
Flour.. . . .	38,984 93
Hay.. . . .	973 69
Cattle.. . . .	238,090 00
Balance.. . . .	1,076,784 93
	<u>\$2,242,995 68</u>

WHITE STAR-DOMINION LINE

EASTBOUND FREIGHT DEPARTMENT—STATEMENT OF GROSS REVENUE

Year 1924—40 Cargo Steamers	Year 1924—37 Passenger Steamers
Grain.. . . . \$ 565,954	Grain.. . . . \$ 273,154
Lumber.. . . . 17,726	Lumber.. . . . 127,090
Flour.. . . . 52,043	Flour.. . . . 10,961
General.. . . . 557,953	General.. . . . 636,670
Cattle.. . . . 609,282	Cattle.. . . . ....
Hay.. . . . 1,700	Hay.. . . . 6,461
Total .. . . . <u>\$1,804,658</u>	Total.. . . . <u>\$1,054,336</u>

Grand Total Year 1924—77 Steamers, \$2,858,994.

CANADIAN PACIFIC SS. LTD.

STATEMENT of Gross Revenue on Exports of Grain, Flour, Hay, Lumber and other commodities to United Kingdom and Continental Ports, year 1924.

Commodity	Gross Earnings
Grain.. . . .	\$1,108,751 98
Flour.. . . .	391,102 00
Hay.. . . .	22,001 79
Lumber.. . . .	153,345 00
	<u>\$1,675,200 77</u>
Other goods.. . . .	2,506,694 28
Total earnings to United Kingdom and Continent.. . .	<u>\$4,181,895 05</u>

Number of sailings, 173.

Office of the General Foreign Agent, Montreal, April 15, 1925.

STATEMENT showing revenue on commodities shipped during season 1924 as specified below by the Cunard line to London, Liverpool and Avonmouth, Anchor-Donaldson line to Glasgow, Thomson-Cairn line to Leith and Newcastle.

Wheat.. . . .	\$1,870,114
Other Grain.. . . .	481,603
Flour.. . . .	538,838
Lumber.. . . .	197,408
Hay .. . . .	13,393
Cattle.. . . .	217,069
Other commodities.. . . .	2,269,503

Mr. MONTGOMERY, K.C.: Thirty-two calls for minutes of the meetings of a sub-committee of the Canadian Liner Committee.

The WITNESS: There is a committee of various members from the Canadian lines to deal with the question of grain. They meet generally three or four mornings a week and receive reports on the markets, visible supply, movement to seaboard, quantities in elevators and other matters pertaining to grain.

Minimum rates are arranged from time to time in order to stabilize the situation and if any lines require grain for their steamers they are at liberty to go into the market and book at any rate, by notifying the other lines to this effect. No minutes or records are kept of the meetings.

Sir EUGENE Fiset: Is that an especially selected committee for each case, or a standing committee?

The WITNESS: No, it is just a meeting of the parties interested in the grain trade.

Sir EUGENE Fiset: Always the same parties?

The WITNESS: The same.

Sir EUGENE Fiset: Have you the names?

Mr. MONTGOMERY, K.C.: The names of the representatives or the lines; which is it you would like?

Sir EUGENE Fiset: I would like the names of the men on this special committee.

Mr. MONTGOMERY, K.C.: Very well, I will see that you get the names of the lines and the names of the representatives. Now the last is number thirty-three. Balance sheets of the International Mercantile Marine for 1913, 1922 and 1923. I will produce these as Exhibit 33.

The WITNESS: Balance sheets of the I.M.M. have been asked for as of December 31, 1913.

Mr. MONTGOMERY, K.C.: You need not bother about this; you are not an officer of the International Mercantile Marine, are you?

The WITNESS: No.

Mr. MONTGOMERY, K.C.: I have just produced them.

Sir HENRY DRAYTON: I would like these balance sheets to be shown in the evidence. I think these balance sheets for the three years, showing net profits, ought to be shown.

Mr. MONTGOMERY, K.C.: That completes the list; thirty-four is a voyage account.

*Exhibit 33:* Balance sheets of International Mercantile Marine.

Mr. SYMINGTON, K.C.: That last item should have read, "Voyage accounts, International Mercantile Marine". Sir Henry Drayton wanted that.

Mr. MONTGOMERY, K.C.: I think that completes it. If there is anything my learned friend wishes that we have not got, I want to tell him it is our desire to put everything before the committee that we can. There may be a misunderstanding somewhere, and if there is we want to clear it up.

[Col. William I. Gear.]

The CHAIRMAN: We will have that last statement printed.

Mr. SHAW: What happened to the resolution proposed by Sir Henry Drayton.

The CHAIRMAN: I understood it was carried.

Mr. MONTGOMERY, K.C.: I have here the names of the Grain Committee, which was to be filed with the committee. I just wanted to see if this was what Sir Eugene Fiset wanted.

The CHAIRMAN: We will make that statement of the witness on the committee of the Canadian Liner Committee, and this list of names, Exhibit 32.

*Exhibit 32:* Statement and list of names of sub-committee of Canadian Liner Committee.

The CHAIRMAN: Now, Mr. Symington, what is the next step? It is nearly closing time, and we had better lay out our day's work for the next meeting.

Mr. SYMINGTON, K.C.: I understand there is a witness here, and my learned friend is to go ahead and call his evidence.

Mr. MONTGOMERY, K.C.: I understood there was to be just one exception to be made to the conduct of our own case in our own way, that we had to make out our own case before a complaint was made out against us. I take it that if we are to be put in that unfortunate position, having to answer charges that have not been proved, we can at least go about it in our own way.

The CHAIRMAN: Then when shall we meet again?

Mr. SYMINGTON, K.C.: It is for the committee to say. Mr. Cleminson is here.

Mr. MONTGOMERY, K.C.: Mr. Cleminson has prepared a memorandum, and it is for the committee to say whether he can read that over, he can give you a copy of that, give the Chairman a copy, and he can be examined on it.

Sir HENRY DRAYTON: How would it be for him to file a copy of that now, and we could examine him upon it later. It will save time.

The CHAIRMAN: I know I will not have time to read it before we meet again.

Mr. MONTGOMERY, K.C.: As it will not be upon the record, I have not sufficient faith in my fellow men to believe that many would read it. He will have an explanation to make as well.

The witness retired.

The committee adjourned.

The Committee resumed at 4 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order.

Mr. MONTGOMERY, K.C.: The Committee has expressed a desire to hear Mr. Cleminson, and he is here. I think he has a memorandum prepared and has handed it to you.

The CHAIRMAN: Yes.

Henry Millican Cleminson called and sworn.

*By Mr. Montgomery, K.C.:*

Q. Mr. Cleminson, will you explain to the Committee who you are, whom you represent, and why you are here? I do not mean in the room, because you are here at the invitation of the Chairman, but what is your interest in this?—A. I would like to say, Mr. Chairman, first of all, that I am very glad



to be here because on the distaff side I am a Canadian; I married a Canadian lady in 1917.

I am General Manager of the Chamber of Shipping of the United Kingdom. For many years I was a member of the firm of shipping lawyers of Bothwell & Birch, of London.

The Chamber of Shipping is a body incorporated by Royal Charter, representing the greater portion of the shipowners of the United Kingdom. It is fully representative of the tramp shipowners and partly representative of the liner owners, but it does not represent some of the most important liner companies, including the Cunard and the White Star Lines. Its objects in shipping correspond to those of a Chamber of Commerce, or, as it is called in Canada, The Board of Trade.

When my Chamber heard of the reports in this country suggesting that the North Atlantic Conference was a combine, and was making extortionate charges, and the Canadian Government felt it necessary to take steps to control rates, my Chamber felt that it was of the very greatest importance that you here should have the fullest possible information, in order that you might judge whether that was so or not. Therefore, my Chamber, after communicating with the Lines who are members of the Chamber, and with those who are not, through the Liverpool Association, asked the British Government to arrange for a searching investigation by the Imperial Shipping Committee. That Committee was suggested because it is a committee set up at the instance of the dominions, and I gather from the proceedings that I have read that Canada took a leading part in asking for that Committee to be set up. Sir Henry Drayton is smiling, and I know he was perhaps more instrumental than anyone in getting it set up. The Government replied that they had already decided to set up this Committee, and my Chamber felt it would have, at any rate, this advantage, that the shipowners could here, in the very centre of Canada, tell you the whole facts. Now, sir, the Canadian Government in making that reply invited the Chamber of Shipping to be represented, and my Chamber, therefore, communicated with the Lines concerned, and they willingly accepted the suggestion to come here, and at a later date the Council of the Chamber of Shipping readily accepted your invitation that the Chamber should be represented. You understand, sir, that the Chamber is not representing the lines in this inquiry. Counsel are here representing the particular lines interested in the Canadian trade, some of whom—but not all—are members of the Chamber. I represent the Chamber of Shipping, which represents most of the tramps and some of the liners.

Now, sir, the other thing we did was this: Reading from the report of Sir Henry Drayton and the other reports which we had seen, we felt that the essential thing here was to give you the whole of the facts showing the profits we are making, or rather, the profits which the shipowners are not making. That is the crux of the whole position. One of the first things I did on my arrival in Canada was to ask Mr. Montgomery what was the meaning of the word "combine" in Canada. In England it is rather a term of abuse, and people who are called "combines" are very apt to resent it, and claim they are not "combines." I looked at the Sections of your Criminal and Civil Laws, and I saw that the essence of a "combine" in Canada shows it to be an association which "by its combinations does exact an undue price or an unreasonable price." In this case our service is freight, and therefore the applications in this case would be to freight. I think the essence of the question is whether the shipowners are or are not exacting from commerce an undue or unreasonable price.

*By Mr. Symington, K.C.:*

Q. Where did you say that definition was found?—A. From the Codes. Now, sir, I should like to draw the attention of this Committee to this fact,

[Mr. H. M. Cleminson.]

that, although only a very small proportion of the British Mercantile Marine is engaged in the trade in Canada, I think it has been stated at 4 per cent, the question before this Committee is one of vital importance, not only to the trade of the United Kingdom as well as Canada, but to the whole shipping industry. Before the war British shipping represented approximately one-half of the whole shipping of the world. If we had only had enough shipping to serve the Empire, we should only have had one-quarter or one-fifth of what we did have. We know perfectly well that during the war we came very near to losing it, because we have not got quite enough shipping. I said that before the war we had 50 per cent of the tonnage of the world, or approximately so, but I am sorry to say that to-day we only have approximately one-third.

*By the Chairman:*

Q. May I interject a question there? Is that due to Great Britain having less, or to other countries having more?—A. We have practically the same. I think we had 40,000 tons before the war, therefore it is due to the fact that other countries have got more.

*By Mr. Rinfret:*

Q. Will you state which countries have more?—A. I think I have it in the Annual Report of Shipping. I think nearly all the countries have increased.

The CHAIRMAN: The United States has increased very largely.

Sir HENRY DRAYTON: That is where the big difference is.

The WITNESS: I will make a note of that question and will try to answer it at some other time. If account was taken of all the tonnage on the seas that exists, the proportion would be a little less than 33 per cent; that is, our proportion would be less. In that estimate I have made some allowance for ships which we do not believe will ever sail the seas. At the present moment three-quarters of a million tons of shipping is laid up in the ports of the United Kingdom. Now, the effect of charges made in this country is very far-reaching. In the British Empire Parliament—I have a copy of *Hansard* here for the 17th of February, 1925—this is one of the questions put to the President of the Board of Trade: “Mr. Johnson”—I do not know who Mr. Johnson is—“asked the President of the Board of Trade whether he is aware that there is a North Atlantic Shipping Combine directed by British Capitalists, and that this combine is charging rates to Great Britain as high as 700 per cent over the rates of 1910?”. There are other questions, all showing that a considerable misapprehension exists in the minds of those who are in a position to do harm. I do not propose to do more than endeavour to give you, if I may, some conception of the function and organization of the shipping industry. I presume it will bore Sir Henry Drayton very badly because he has already gone very thoroughly into it, and perhaps also your Chairman—

The CHAIRMAN: Oh, no; not at all.

The WITNESS:—but there are some members who may be interested, and if I may, I will begin from the very beginning point of view.

There are approximately sixty million gross tons of seagoing ships in the world; twenty million of those are British and about nine million of the twenty are employed in regular lines. Most of this tonnage belongs to private persons.

*By Mr. McMaster:*

Q. Of that nine million employed in regular lines about how many would be conference lines?—A. I think you will find the list in my paper.

*By Mr. McMurray:*

Q. What would the others be?—A. There are special kinds of ships, various kinds, coasting boats, tramps and so on.

*By Mr. McMaster:*

Q. I would be very glad if you would answer that question, if you can tell me right away about how many of that nine million are of the Conference type?—A. I think every ship owner who runs a line is in a conference. Conferences are due to a condition.

*By Mr. McMurray:*

Q. Do you think they are essential to shipping?—A. I think they are quite essential to shipping. It gives the merchant what he wants. You will not have stability of rates unless you have a conference of one kind or another. I think the Chairman knows conferences have been in existence ever since liners were run. I think they are powerful to effect stability of rates. Most of this tonnage belongs to private persons and is managed by men of great experience and skill, called "ship owners" though the "ship owners" may often own a comparatively small share of the capital employed. Such is their reputation for skill, that in a letter received only last month, a government official, who has had exceptional opportunities of judging said, "but of course shipping and efficiency always go hand in hand."

It was felt that you would like to have before you gentlemen from three of our companies, the chief accountants, so you could take evidence from both classes. Mr. Cairns is in Canada, the chief accountant; Mr. Middleton the chief accountant of the Furness Withy Company is also here and can answer any particular questions you wish to put.

It is impossible to be a ship owner without first having the capital necessary to provide and equip the ship. A ship owner must go to the money market and must convince the market of its capacity and that, on the whole the investors can expect to derive from shipping a somewhat larger return on their capital than they could get from other forms of industrial enterprise and materially more than they could get from government securities, mortgages on land or other form of secured investment on account of the wasting nature of the plant and the uncertainty of the service and a regular return. Any particular investor may, of course, find his convictions falsified either because of the incapacity of the ship owner, misfortune or other equally comfortless reason. Having the necessary capital, part of which may be raised from those who prefer to take mortgages or debentures, and part who are content to take shares; having got his money and ships he must then do his best to employ them to the advantage of those who have put up the capital and he can only do this by employing them to the best advantage of the community.

*By Sir Henry Drayton:*

Q. What are those boats.—A. I think it is Canadian trade. They would be cargo boats.

Mr. MIDDLETON: The Artono and Cairmo belonging to the Gulf Line.

The WITNESS: Broadly speaking he must employ them either as tramps or as liners, and the class of ships selected will have depended upon the class of trade he is to engage in. The items of charge he must cover if he is to justify his management are, apart from capital, depreciation and interest, or dividend and something for development.

- (1) Crews wages.
- (2) Stores and provisions.
- (3) Insurance and cargo claims.
- (4) Repairs and maintenance.
- (5) Fuel.
- (6) Port charges.
- (7) Cost of loading and discharging.

[Mr. H. M. Cleminson.]



(8) Commissions, brokerages, etc.

(9) Overhead charges.

*By Sir Henry Drayton:*

Q. Perhaps you could tell us what year the figures are for?—A. These are quite recent.

Mr. MIDDLETON: 1924.

*By Mr. Symington, K.C.:*

Q. Who did you say was the other typical line?—A. The Anchor-Donaldson Line. These gentlemen have been able to bring with them full information. In addition to that we felt that you would not only like to have full information from us but have exact figures put before you covering all the ships operating in the Canadian trade. In addition to that the voyage accounts of all those lines are being put before a firm of chartered accountants in London, who have an agency in Montreal, Price Waterhouse and Company, and the result of those accounts will be put before you in the clearest form so that you can convince yourselves as to what are, or should I say are not, the profits of the line. The amount of some of these items will depend on the amount of cargo. The margin, if any, between receipts and charges is small. Yet on it will depend his success and the interests of its investors. How small is this margin has been well shown recently by Sir Frederick Lewis in a speech to the shareholders of the Gulf Line.

49 days' freight earnings have been absorbed by port charges.

105 days' freight earnings have been absorbed by costs of loading and discharging cargo.

33 days' freight earnings have been absorbed by crews' wages.

21 days' freight earnings have been absorbed by stores and provisions.

26 days' freight earnings have been absorbed by insurance and cargo claims.

17 days' freight earnings have been absorbed by repairs and maintenance.

26 days' freight earnings have been absorbed by freight commissions, brokerages, and advertising.

69 days' freight earnings have been absorbed by fuel.

14 days' freight earnings for depreciation at 5 per cent on the written down value of the vessels.

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360

Leaving

6 days' freight earnings for taxes, overheads and interest on capital.

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366

Perhaps you will bear those figures in mind in considering the question of control of freights. They are all variable items but unfortunately the others are all variable. I have never known of a government who could help us bring them down. Our last experience was under a labour minister, when the dock charges, which affect the biggest item of 105, were increased only last year. It is no secret that the shipowners of the United Kingdom did not feel that there was any justification for those charges going up. I am not competent to speak of labour questions because I am equally ignorant of labour as I am of conferences. The shipowners are members of the Chamber of Shipping, but my knowledge of conferences is quite as academic as you, sir, and Sir Henry Drayton have. Sometimes I have a letter from an ambassador, complaining that the rates are too high and in that case I pass the letter on to one of our members asking him for an answer to a letter of that kind. I received from Captain Charles, who was commercial attache in Madrid, a letter raising that

[Mr. H. M. Cleminson.]

question and giving throughout the same answer which I find is invariably given on criticism of freight charges. The Chamber of Shipping is always the body to whom the government turns if it wishes to know the views of the ship-owners on general questions. Recently when the Committee considered the question of rebates the Liverpool association asked that we should put evidence before them and arrange the evidence of tramp shipowners, which we did.

(Reads):

Therefore before he sends the vessel to sea, he must feel assured that cargoes are forthcoming. If he is a tramp shipowner he will, in general, require a contract from someone who undertakes to give him, or at any rate, pay for, a full cargo. In this case a charter party is entered into, the charterer undertakes to provide a cargo for the ship, the owner to deliver it at its destination. Sometimes he may make two or three charters before the ship leaves her home port, or a long term contract or time charter. It is most economical if he can take a full cargo out and a full cargo home. His round voyage may involve two or three or more voyages. The kind of cargo he carries is generally called bulk cargo, such as coal, grain, lumber, nitrate and so on. If he is a line owner, then he must have some assurance that adequate shipments will be made by his shippers, or goods to be carried between the ports on a certain route, and in his case the problem is very different from that of the tramp owner in that he must be ready to provide a ship superior in size, speed, cargo and accommodation. The more decks he has the better he will be able to carry different kinds of cargo requiring special care, freedom from undue weight, so that the lower goods are not broken by the goods on top and provide separation of one class of goods from another, and he may have to provide refrigeration and so on. He must be prepared to have organizations at both ends to get in touch with individual shippers, arrange for the bringing of the goods to the ships, their warehousing until they can be put on board for their loading, care on board and discharge, each according to the special requirements of the particular kind of goods, and their distribution at the point of destination.

(Reads)

Whereas the tramp shipowner generally makes one contract each voyage and the number of his bills-of-lading is small the liner owner receives hundreds and even thousands of consignments in each shipment and may be carrying most diverse cargoes; meat, live or dead, machinery, harvesters and watches, bacon and vinegar, grain, rope and soap, furs and spirits, acid and crow bars, canned peaches and toothpicks, butter and eggs and so on. He clearly cannot negotiate with each individual shipper, and yet to provide the service required, is no small undertaking. If he is to do it with the smallest margin of profit, he must be comparatively free from the constant risk of displacements. His customers want,

- (1) A high class of ship.
- (2) Regularity of service.
- (3) Quick transit.
- (4) Uniformity of rates.
- (5) Stability of rates.
- (6) Freedom from carriage of cargo on ships account.

Some of the most important advantages derived from the lines in supplying these wants are,

(1) That heavy stocks of raw materials and goods need not be held, but the manufacturer or shopkeeper can rely upon replenishing his stocks as and when depleted, keeping a very small margin. This eliminates waste of idle capital.

(2) Insurance rates are more favourable.

[Mr. H. M. Cleminson.]

(3) Finance of shipping documents is more cheaply obtained as the goods are more quickly carried.

(4) Through uniformity of rates the producer or manufacturer can stick to his own business, concentrating his attention on producing most economically and well.

While neither the producer nor merchant can secure stability of cost or give stability of price, yet as liner freights are not subject to the violent fluctuations of tramp freights, the shipper does derive an immense advantage from the large measure of stability which the lines can give.

Where more than one line is employed in the same service, or even in neighbouring services, these benefits cannot be secured without conference between the lines as to the rates they are to charge, and a clear understanding as to the dates of sailing that best meet the requirements of the trade, and as the law gives the liner no monopoly as it does a railway, there must generally be some sort of tie between the shipowners and their customers.

In the early days, this took the form of a contract with some of the leading merchants, assuring the shipowner of a certain quantity of cargo. Naturally the leading merchants asked for some consideration in return for their obligation. They thus secured big commissions and freight rates more favourable than than other shippers, who were not contracting. Moreover the shipowner was often compelled to buy cargo and sell it at destination. In either case the other shippers felt themselves placed at a disadvantage.

Then followed a simpler and more economical practice which gave equality to the shippers great and small. The shipowner allowed to the shipper a discount or rebate of say 10 per cent which was returned to the shipper if he sent by the line all his shipments of goods of the kind that the line catered for. The amount of rebate in relation to the value of the goods was small, and the total rebates in suspense would be also small in relation to the consequences to the shipowner resulting from diversion of the traffic from the line. Where two or more lines served the same ports the convenience of the shipper was met by broadening the basis so as to give the shipper the facilities of both or all lines.

Manufacturers and merchants, like shipowners, are human, and are therefore apt to want the best of both worlds. It is their right to ask the full market price for their goods, and to make a constant effort to find the cheapest form of production and transport.

Notwithstanding the shipper's desire for stability, equality of rates, regularity of shipment and excellence of service; if a newcomer, in an attempt to establish himself in the trade, cuts rates irrespective of cost, the individual shipper is apt to take advantage of the lower rate, when offering, while still expecting the established lines to carry his goods on the days when the undercutting line has no sailing. In short, even though the established lines are making a loss, they are asked to reduce their rates, or alternatively assist in their own undoing by providing alternate sailings to supplement the newcomer's inadequate and restricted service. The same shipper will be quite ready to admit, indeed to insist, that the higher class ship, frequently of service, speed and so on, and even stability and uniformity of rates, are of great importance to the traders as a whole, but in his particular case, he feels justified in taking advantage of the opportunity of the lower freight. He considers it is the function of the shipowners themselves to take such steps as they find necessary to maintain their services.

Those who are in touch with shipping understand the reasonableness of the action, which Liner Companies take, to maintain their position in the trade. Those more remote are apt to appeal to their Government for assistance to secure freight reductions by interference. All such representations are on the assumption that the freights charged are unreasonable.

[Mr. H. M. Cleminson.]



It has recently been alleged, though not I think, through any responsible body of commercial men, that the Liner Companies form one gigantic world combine of which the North Atlantic Conference is only a part. It is manifest to anyone who is in touch with shipowners and shipping that this is untrue, and indeed impossible. Perusal of the reports of the committees which have sat upon the question of conferences and freights, must make this equally clear.

It has been well said that conferences are due not to a world combination but to a world condition. Trade calls for the benefits to which I have referred and insists upon their being given as far as possible. In the great tramp trade the greatest centre for chartering steamers is the Baltic Exchange in London where ship brokers representing shipowners and merchants from all over the world meet daily and discuss market conditions and arrange freight contracts. In constant conversations, brokers for merchants exchange ideas among themselves. The merchant doesn't want to give more than he need, the shipowner doesn't want to take less than he need. In their case, the freights are dictated simply by the law of supply and demand, and success as a ship broker depends largely upon being able to prophesy in what market there is likely to be the greatest shortage, as well as upon his skill as a negotiator. The fluctuations are great from day to day, from month to month and from year to year.

The shipper by liner does not want the instability of tramp freights. He could not contemplate haggling daily for freight on his goods, and if he did the trouble and expense falling upon him both directly and indirectly through the freight would be considerable. Just imagine what would be the position of shipowner or agent in Montreal if he had to haggle each day with every one of his liner shippers; how enormously he would have to increase his office staff with men of the first order, yet it is a comparatively simple thing to charter one tramp steamer perhaps carrying as great a quantity of cargo.

The need for Conferences has been abundantly proved by the fact that those who control merchant fleets of Canada, Australia and United States, have found it essential in the interests of their shippers to confer as to rates. Conference would be useless alike to the shipowner and his customer unless all the lines adhered to the rates considered to be justified, until they have reconsidered the matter in the light of changed circumstances. If the Lines are to serve their customers as well as themselves they must also pay regard to the sailing dates of each other's ships, in the same trade. In some cases it has been found necessary to agree with some precision the quantity of tonnage as well as sailing dates, but I understand this is not the case in the Canadian trade, shipowners being entirely free to put on any number of ships or sailings and to compete among themselves freely for cargoes.

An example of the need for conference has been convincingly shown as a result of the Immigration Restriction Policy of the United States of America. Here we had the ridiculous spectacle of ships racing across the Atlantic to land their emigrant passengers at dawn on the first of the month. Such action obviously alike embarrassing to the United States officials and the Shipping Companies, and terribly wasteful, and without the co-operation of the appropriate conference it is not easy to see how the problem could have been solved.

One of the advantages of conferences is the limitation to a reasonable figure of expenditure on the middleman, brokerages being limited, and in the case of passengers, the number of passenger agents, as well as the commissions payable to them.

*Discrimination.*—This word has been much abused. In the language of national tariffs, it is used to mean a burden deliberately put on one country to place it at a disadvantage as compared with another. It is surprising to find this specific charge being made against commercial men. The Lines have given careful consideration to all the freight and passenger differences, which

have been suggested, and they will be able to speak as to the facts, but I should like to draw attention to a curious inconsistency, in the point of view of critics of the shipowners. They demand the most perfect equality and correspondence in favour of their goods or commodity, yet see in the conferences, which are the only means of securing such equality and correspondence, evidence of one huge combine.

A moment's consideration must show the essential necessity for conferences embracing something more than the trade between one port of export and one of import, and that regard should be had to the need for fair balancing of rates as between neighbouring and competing routes.

Notwithstanding every care to see that rates correspond as nearly as possible, there are essential difficulties and differences which neither shipowner nor Government official can possibly overcome. For instance, from time to time there are and always will be rate wars. Before the war, except during unsettled periods, conference rates outward from the United Kingdom and Continent were the same, notwithstanding that port expenses were somewhat lower on the Continent than in the United Kingdom, and in recent years serious difficulties have been created by the exchanges, as well as by the ruinous rate cutting competition on the part of the Continental Lines against the British Lines. The exchange differences have given immense benefits to some Continental Lines in reducing, if not wiping off debentures, and reducing running expenses, while freight was naturally collected in the same trade in the same coin. They are not only fighting against the British lines, but they are also competing intensely among themselves.

*By Mr. Montgomery, K.C.:*

Q. What do you mean by "exchanges"?—A. The money. With the franc depreciating to the extent it has, and the mark going to the vanishing point, the foreign ship owners were put at a great advantage as compared with the British owners. To this day the wages in Germany are approximately one-half of the British wages. That is a result, an aftermath of the exchange position. The French advantage is also great. I hope to be receiving very accurate information shortly of the wages in Great Britain as compared with Continental countries, and as soon as I receive it, of course it will be at your disposal. We have been preparing that and a great deal of other information for the enquiry which is now sitting in England.

Many of the Continental Companies have been given material financial assistance by their Governments. Even now, wages on Continental steamers are very considerably below the British, and the port charges and loading and discharging expenses are much lower on the Continent.

During the last two years, Sir Frederick Lewis has devoted a great deal of time and attention to securing reduced dock charges in England, and better facilities. I have here a report of the Committee of which he is Chairman. According to these figures the average total of port disbursements including both charges and expenses of handling cargo was 67 per cent higher at U.K. ports and that difference has since been increased.

I have the same sort of thing in another form here, and perhaps the committee will bear in mind that I drew their attention to the fact that in this Gulf Line statement, 100 days I think it was, 105 days of freight earnings had been absorbed by the costs of loading and discharging, and 49 days by port charges; that is over 150 days out of the 360. This is the comparative cost of discharging 3,000 freight tons of cargo at United Kingdom and Continental ports, from steamers of 5,000 tons net register. The most extreme difference here is between Antwerp, where the total of cargo charges and port charges amounts to 1s. 10d. a ton, whereas in London the corresponding charge is 6s. 10d. The others vary upwards and downwards. London, as I said before, 6s. 10d.; Dundee, 5s. 8d.; Hamburg, 4s. 7½d.; Rotterdam, 3s. 8d.; and Antwerp, 1s. 10d.

[Mr. H. M. Cleminson.]

Credit should be given, I think, to the Canadian Lines to prohibit differentials. I think that is what is called "discrimination." How a Government could in such a matter succeed——

*By Sir Henry Drayton:*

Q. My memory may be wrong, but I thought it was also suggested—I know I suggested it—that there should also be control over a maximum rate.—A. Your memory is correct, but the Committee came to the conclusion that it was not desirable. What they did do was recommend a fair investigation, and that is why the Imperial Shipping Committee was set up.

Q. That was to enquire into the feasibility of that maximum rate, was it not?—A. I do not think so; I understood that they felt that control of rates was not practical nor desirable, but what they do recommend, certainly, is the other. They unfortunately have not dealt with a very important particular. Of course, they had a tremendous mass of material before them; they had no special reference to deal with freight; that is not even mentioned in the reference. They determined that carefully, but they deliberately refrained from speaking of it in their report.

No credit is given by Mr. Preston to the Canadian Lines for maintaining their freight rates between the United Kingdom and Canada on a par with those in U.K. and U.S.A. ports, notwithstanding the extra cost of insurance which must be paid by the shipowner in one way or another.

While I understand it has not yet been possible to secure an absolute parity between North Atlantic ports and United Kingdom ports, as compared with the Continent, when the Committee comes to consider this question, it will be necessary to observe that a large proportion of the rates to the Continent are higher than to the United Kingdom.

The only legal power to control freights suggested by the Dominions Royal Commission was one to prohibit differentials. How a Government could in such a matter, succeed, where the shipowners fail, I am at a loss to understand.

It is the ambition of every shipowner, and the shipowners of every nation, to increase their share of the carrying trade. Continental shipowners naturally wish to increase their share of the trade from the Continent. They would naturally be glad if the British ships were withdrawn.

Let us suppose they begin rate cutting. The British owners in the trade must either meet the rates or get out. They do their best to meet the rate, and a differential results. The United Kingdom exporter naturally does not like it any more than the shipowner does, and if he is out of touch with the shipowner, he may call it "Discrimination," and ask for Government interference. What Government is to do the controlling? Shall Germany under some international arrangement compel her shipowners to increase their freights? It is clearly unthinkable. Shall Great Britain

(a) Order the British shipowner to increase his continental freights, or

(b) Reduce his United Kingdom freights?

Perhaps the committee will pay special attention to this, because it is a very real difficulty, and the curious thing to me is that the shipowner worries more about this than anybody. It is a thing that much more vitally interests him than any merchant, it is the most difficult problem he has to face. Nothing would please and assist the Continental shipowner more than that the Government of Great Britain should do either.

Under the first alternative, the Continental shipowner would cream the traffic, and soon oust the British shipowner. That would be inevitable. Mr. Atwater asks me to elaborate that. Let us imagine the standard freight from Antwerp to India and the standard freight from London to India. A foreign line wants to get the British shipowner out. They say, "You stick to your country and we will stick to ours". I say Antwerp; I should say Hamburg, but the Germans regard Antwerp as a port in Germany, anyway. The German



says, "I will cut the rate to 25 shillings, and the British owner is compelled to charge either 25 shillings, or lose the cargo. If he loses the cargo his ships stop sailing, and he has not the business. Obviously under no international arrangement would Germany be willing to prevent her shipowners competing under these conditions. Supposing England said to the British shipowner, "This is very bad; it means a German merchant can ship his goods to India at a rate of 25 shillings, and a British merchant from London at 30 shillings. You must not do that; it is a moral question. You must not charge a German less than an Englishman." So the shipowner says, "What will I do?" The Government says, "It will save my face if you charge 30 shillings in Antwerp, but it will not help the British merchant". The shipowner says, "Very well then, you have to cut your rate in England." What is the result of that? The German shipowner is losing five shillings a ton for every ton he takes. It may be a dead loss of five shillings a ton; in recent years it has been and it would be now. As a result of the action of the British Government, the British shipowner is compelled to lose ten shillings for every five shillings the German shipowner loses. What would be better for the German shipowner than for the British Government to say that?

*By Sir Henry Drayton:*

Q. Of course, that percentage would depend upon the volume of trade?—  
A. Exactly. The great thing is to understand the idea.

Sir HENRY DRAYTON: The multiple would represent just simply the additional business to be carried by England at the lower rate.

Mr. MONTGOMERY, K.C.: I do not know whether Mr. Cleminson has made it clear what a large proportion of British shipping is other than from British ports. The large proportion is neither from nor to British ports.

Sir HENRY DRAYTON: Oh yes, we know that.

The WITNESS: I should be glad to give you particulars of that. The committee must recognize that at the present moment the competition between Britisher and foreigner is entirely centered on the continental ports. Their first step is to try and get the majority of their own trade. Their next step, if they are successful—and I should be almost sorry to tell you the extent to which they have been successful in recent years—would be to come into our ports. They were doing so before the war, and they are doing so today, and they would carry the war into our ports. I dare say you remember—however, I have referred to that already, but their policy naturally is to first of all clean up their own ports, and then leave their ports to try and oust us out of our own trade. I can assure the committee on that point. That question is one of the most difficult the shipowners have to face, and it is clear to me at any rate that no Government could help us. A government by interfering could do us a great deal of harm, could make it impossible for us to compete, to maintain and hold our own, but they could not help us.

*By Mr. Symington, K.C.:*

Q. What you are conveying now is that they can operate so much cheaper than you can compete with them?—A. That is a different question. I was assuming for the purposes of that argument that the costs of operation were the same. The fact that their operating charges are less makes it still more difficult for us to maintain our own position.

*By Sir Henry Drayton:*

Q. You were really merely referring to the competitive situation which has developed, irrespective of costs?—A. Quite so, sir. There are two points of view; there might be rate cutting, or might be essential differences in charges. Of course, if on the trade, say, between here and the United Kingdom we could reduce the dock charges materially, that would make it possible, apart from

[Mr. H. M. Cleminson.]

the rate cutting, to charge the same rates without being out of pocket, but shipowners have, for many years, when the rates were equal, had to bear the burden of the extra dock charges themselves.

*By Sir Eugène Fiset:*

Q. That is a matter for Government action?—A. I do not know what kind of a government you have; we have not a government which gives us much help. There the government is demanding increased and greater accommodation on different classes of boats. Take the cattle boats for instance; they must be fitted up almost like liners; they must have lavatories and salons, and white table cloths. If not, they say we are not human, and when a ship goes down you must have special divisions, and life boats and life belts, and all the rest of it. And yet when we go to them, they treat us as if we were disreputable people who had to be made to toe the line.

*By Mr. Symington, K.C.:*

Q. And we have to pay for it?—A. You have to pay for it, and you do not like paying for it. In the olden days emigrants used to be brought here by the boats which took the cattle out, and I can well imagine under certain conditions, the Daily Mail coming out with a circular saying: "Canadian emigrants treated like cattle". Under our regulations, it is not possible for us to do that. Mr. Cairns will tell you how impossible it is to carry on his business with his ships at the present time. Imagine that here (indicating) is the deck space; they were allowed to put cattle on that part of the space (indicating), and waste the rest. That is a difficulty as regards the Government, and I should not like to hold up to the shippers of Canada any prospects of help from our Government. I may have covered some of this ground here, but if so please bear with me. Supposing the differential or so-called discrimination is due to exchange differences or wage differences. We know how powerless the Government is to cope with exchange difficulties of another country. If the cause is heavier dock charges, will the Government order labour charges in the United Kingdom ports to be reduced? Or suppose the cause is an economic one, such as every business, even the railway business must take into account, for example, the load factor. Is the Government in these cases to disregard essential considerations? Such powers of control would be utterly futile, and must remain a dead letter if put on any statute book, or if any attempt were made to exercise them, nothing but harm could result. A power of investigation such as has been given to the Imperial Shipping Committee by the governments of the Empire is quite a different thing. They can at least after investigation, authoritatively advise the governments of the Empire of the facts of the problem and rely upon those governments to bring the truth home to critics.

I have got here on the table a statement in regard to the control stations which, to me, is such a vexed question and so much a matter of regulation with the Chamber of Shipping meeting. In the competition between the German lines and the non-German lines, especially the British, the German shipowners have an understanding with the German Government officials. Some years before, there had been an outbreak, I think it was cholera, in the Eastern Provinces, and the German Government said they would not let any person pass across the frontier unless he had been "vetted" properly by a doctor. They were "vetted" by a doctor—

*By the Chairman:*

Q. Will you explain the meaning of the word "vetted"?—A. Examined.

*By Sir Henry Drayton:*

Q. That was before the regulation treating emigrants as cattle?—A. Yes. Then they began to ask to be shown the tickets, and if a ticket was a German

steamship ticket the man was passed as being healthy; but if it was a British steamship ticket he was turned back.

Q. I do not think there is any charge at the present time—at least I do not know of any—that the change was made at that time due to any action of the North Atlantic Conference as such. The complaint as to emigrants was rather another score; they did not complain as to the high rates. As far as the closed ports were concerned, there was no question of that, but it militated against the Atlantic service. They made the Continental business a closed preserve for the Germans. It was brought about by government action, but, as a matter of fact, as I recall it, why the C.P.R. opened in 1911—if my memory is correct—the Trieste service, was to get some share of Continental immigration which they were otherwise denied by German Government regulations?—A. That is right, and the pioneers in that were the Cunard Line, who sent their ships to Southwell.

Mr. SYMINGTON, K.C.: The thing had gone farther than that prior to that time, because they allotted a percentage of the immigration traffic to the different lines and pooled it.

Sir HENRY DRAYTON: That was a matter of pooling, but at one time the Germans wanted 100 per cent and got it.

Mr. SYMINGTON, K.C.: The Hamburg-American Line and the North German Lloyd Line came in, and it was all pooled.

The WITNESS: That was not the case under the combinations, but quite the reverse.

Mr. SHAW: May I ask that the witness proceed so that we can find out the situations on these frontier stations? We want to get the whole story.

The WITNESS: It is just as though you had now immigration from Canada to England. If the shipowners were making such profits in England, I suppose there would be an eastern movement. Supposing the great port of embarkation is New York. The American Lines and the British Lines both go to New York and take passengers there. Naturally, if there had been any cholera here in Canada, the American officials would set up a medical station on the frontier lines, or the railway junctions, as was done in Germany. When this system was set up in Germany, the doctors were given, by law, the power to insist upon looking at the tickets to see if a man was really an immigrant, and was not just going to slip into Germany and become a resident of that country. That system is all right so far as it is honestly and fairly administered, but there is no doubt about the fact that the doctors used to see if the ticket was a German one, and if it was they would pass the man as fit, and if it was not, he might be as fit as a fiddle, and they would not pass him, but would tell him that he had to go back to Poland, or wherever it was. That made a difference in the immigrants the German Lines could carry. That is one of the things that has been set up as evidence of a combination. As I say, you will see it forbidden in the Peace Treaty, but the same sort of thing is apt to break out again. Now, the Italian Government thinks it might be a very good thing to make an arrangement with the Southern European countries to get control of the immigration movement from South Europe, which would certainly give them a preference for their Italian ships. First of all, a Conference was called at Rome to discuss the question of immigration inspection, and it was then referred to the League of Nations.

May I, before leaving the subject of the Continental rates, refer to the subject of control stations? Mr. Preston has altogether misconceived the facts of the matter. Mr. Preston says:—

“Previously however, the combine had so perfected its emigrant transport connections on the Continent as to compel mid-European

[Mr. H. M. Cleminson.]



emigrants to take passage by steamship lines operated by the combine from the North Sea ports. With the assistance of Mr. Albert Ballin of the Hamburg America Line, German frontier control stations, through which all emigrants from different parts of Europe were expected to travel to reach sea ports, were required to be in possession of steamship tickets issued by the combined steamships before they were allowed to pass through these control stations to the North Sea."

This statement is remarkable from two points of view. The true facts are equally inconsistent with the charges brought against the Canadian Lines, and his allegation of a world combine. The German control stations, while not originally imposed for an ulterior motive, soon became a means of indirect flag discrimination against the British Lines, who opposed them strongly before the war without success. They are described in Appendix 3 of the report of the Board of Trade Committee on Shipping and Shipbuilding after the war 1918, and clauses were expressly included in the Treaty of Peace to prevent similar discrimination again.

The Committee may be interested to see a recent communication to M. Thomas, Director General of the League of Nations, drawing his attention to the well-grounded fears of the British Lines, that an attempt is even now being made to use the League of Nations for the purpose of imposing in South Europe a similar form of indirect, but none the less real flag discrimination directed against the British and other non-national lines. I trust that the Canadian Government will make every effort in co-operation with the British Government to frustrate this new danger.

Conferences are powerless to exclude a competent and substantial competitor who is determined to establish himself in their trade, provided that there is any call for the service he offers. The number of new Lines, and Lines re-established since the war is clear proof. As Sir Alan Anderson, ex-President of the Chamber recently observed, the only man who made a corner in shipping was Noah; he went in at the bottom and came out at the top—of Mount Arrarat. Therefore in providing services and considering rates, the Liner owner is always alive to the competition among existing Liners in their struggle for a place in the business. There is still intense competition to get the business and the more business a man can get, the more powerful his Line will be and the stronger he will be, and can claim a greater influence, and his interest in the Conference, when it suits him, will be all the stronger. (Reading). The possibility of an outside Steamship Line or would-be Line, whether British or foreign, entering the trade, the tramp as regards cargoes suitable for shipment by tramp, and the power of any strong group of shippers who may either feel discontented or may otherwise be led to promote or support a new line.

You have a very interesting example of that in the tramp trades from England where tramps take coal out and grain home. If anything happens to the coal trade so as to restrict the supply of coal, so that the ships have to go empty, you will find that the rates on coal will have a tendency to go down, because there is a great deal of competition for the few freights available. On the other hand, the freights on the trip home must go up, otherwise the ships would not go into that trade. There is always a balance. You might mention on the Baltic, to a man whom you happened to meet, this subject, and ask him how freights are, and he will say: "Oh, coal freights are down and grain is up".

*By Mr. Montgomery, K.C.:*

Q. What do you mean by the "Baltic"?

The CHAIRMAN: The Baltic Exchange.

The WITNESS: That is the Baltic Exchange, where the question of rates is discussed, and ships are re-chartered, and if you meet a shipowner and ask him

[Mr. H. M. Cleminson.]

how freights are, he will tell you with pleasure that the grain freights are up, and he will probably also tell you that some other freights are down. Supposing the rate is 10 shillings home. If you have to take 8 shillings out, you will have to get 12 shillings home, but if you paid 10 shillings out, you may find that you will only get 8 shillings home, and while things may look rosy, they are not always as rosy as they look, so it shows how the shipowner has to send his ships out and home.

*By Sir Eugene Fiset:*

Q. Does the same thing apply to Liners?—A. Equally, all around.

*By Mr. Symington, K.C.:*

Q. The liners do not change, but the tramps do?—A. No, but the liner rates depend upon these things essentially. If, for instance, a boat coming to Canada would be full, you would certainly get a lower rate. The shipowner would not stop you from getting a lower rate. He is utterly powerless to govern the law of supply and demand. The rate generally depends upon the cost of work done, that is, the buying of the ship, the sending of it to and fro across the ocean, etc. Now, if rates are paid in an apparently open market, the tramp manager, of whom my friend, (Mr. Symington) speaks, will vary the rate, and you will find in bad times it is a question of whether the cost is going to be greater to stay in port or go out of port. It may cost £300 a month for him to stay in port, so if he can see a chance of breaking even by sending his ship to sea, or carrying grain home, from here or any place else, he will do it, so as to minimize his loss. The same thing does, in fact, apply to liners. They are governed by the law of supply and demand, but it does not come to them immediately; a fall will come slower, and the rise will come slower. I remember when I first went into the shipping business as a shipping lawyer, talking with one of the Directors of a Line trading between London and Holland, and I said: "I am glad to see that things are better now," and he said: "It does not help us much," and I said: "But how about the tramps?" and he said: "Well, they will quickly respond to good times, and respond equally quickly to bad times".

*By the Chairman:*

Q. In your long experience, have you ever known a period where a shipowner said he was making money?—A. That a shipowner was making money?

Q. Yes?—A. Yes. I think they admit it whenever there is a peak time. The shipping trade prosperity goes in cycles of seven or ten years, and about three out of every ten years there is a scarcity of tonnage, and that naturally sends the freight up; it is something to compensate for the bad times he had faced.

Q. Are they now in the lean seven years?—A. At the present time, yes, because, you see, the thing that matters to the shipowners is the profits, and if his expenses are so high as to eat up all his freight, then it is a lean year. I think it is essential for the prosperity of the world that working costs must come down, but the costs will always be tossed on to the consumer. It is only the profit which the shipowner can keep in his pocket which helps him out.

Sir EUGENE FISET: The reason I asked you the difference between the tramp and the Liner was that your statement does not agree with the statement made by the shipowners themselves. They recognize a difference between a tramp and the liner.

The WITNESS: I am dealing with essentials. As I say, the liner can and must keep things more steady. It is something like this—(the witness indicated by drawing two wavy lines crossing and recrossing each other, varying in distance from the point of contact to a space of approximately three-quarters of



an inch)— There are fluctuations up and down, and they have considerable variations. (Read).

(Reads):

The general level of freights which can be charged depends primarily upon the cost of rendering the service. If full cargoes are available both ways, then the freight can be better spread, and will pro tanto be less per unit of cargo. Owing to the very nature of the liner business the curve of freight levels are more regular, so that in good years the peak is not so high, and in bad years not so low, apart from rate wars, as would be the case of the tramp. The years 1911, 1912 and beginning of 1913 were peak years in shipping, while the previous years 1904-11, unfortunately a much longer period, were years of depression.

The following is a paragraph in the report of a Committee of the Chamber of Shipping, and the Liverpool Steamship Owners Association, on Trade after War 1917.

"From 1904 until 1911 the shipping industry passed through a period of great depression. There had been over building in the years following on the high freights of 1899 and 1900, and the international trade of the world, which had been increasing from 1904 to 1907, showed a serious falling off in 1908.

"In consequence freights fell to a point at which they did not cover working expenses, even without taking depreciation into account. The financial position of the British Mercantile Marine was causing the gravest anxiety; dividends were being passed by shipping companies of the highest standing; and in many instances accumulations of loss were being written off by the reduction of share capital. It became almost impossible to find new capital for ship building, and ships and shares in the shipping companies could only be realized at heavy loss. The output of new tonnage fell nearly 50 per cent. between 1908 and 1910. From 1908 the international trade of the world steadily increased and freights advanced, and in 1911 the new tonnage built in this country was more than double that put into commission in 1908, and this rate of building was maintained in 1912 and 1913."

I remember at that time being instructed by shipping plants, when drawing their wills to make powerful investments in industrials, but to disregard shipping shares.

*By Mr. McMaster:*

Q. Those were the men who made money out of ships?—A. Yes.

(Reads):

I am told it is largely the Freight Managers who attend the Conference meetings. These gentlemen themselves or through the representatives of the Company, are in fact in close touch with the shippers. See for instance, a letter from the Organ Manufacturer, who says that the Line's representative called upon him weekly. The freight Manager is concerned to fill his ship and is therefore a powerful advocate for low freights, with a view to securing more cargo, and this applies to every kind of commodity, by no means excluding articles of high value. He will quickly propose reductions if he thinks thereby there is any chance of increasing the quantity of cargo.

Neither the Commission on Shipping Rings, the Dominions Royal Commission nor the Imperial Shipping Committee, have recommended control of freights. The strong recommendation of all these bodies was the formation of Shippers Associations, discussing with them from time to time with the power to call for investigation.

I am convinced that control of freights is impracticable and undesirable in the interests of the public.

[Mr. H. M. Cleminson.]



There is nothing more fluid in the whole of commerce than shipping.

Of the 60,000,000 tons of world shipping the major part is generally understood to be tramp shipping. It is the function of the tramp ship to move promptly to those markets where there is the strongest demand as evidenced by the highest freight offering.

*By Mr. McKay:*

Q. What trade is this?—A. It is generally conceded that 60 per cent. of the shipping of the world is tramp shipping, but it is exceedingly difficult to calculate exactly. I had a list of the various periods in the different countries and I was taking French liners and Norwegian liners and so on but it is not satisfactory at all. I should think it is safe to say half of it is tramp tonnage, but no one can know precisely. Tramp shipping is not confined to one trade, neither are liners. You could not use a tramp ship economically in the Plate trade nor, vice versa, a liner which is built for the Plate trade. During the War the Government had to make special terms. If a ship was built for the South African or South American trade they had to give a special indemnity on the North Atlantic trade.

*By Sir Eugene Fiset:*

Q. When you say you are Secretary of the Committee, what Committee? Committee of what?—A. It is a Committee which co-ordinates with the commercial interests of the country on the question of dock charges.

Q. Who appoints the committee? Is it a government committee or a committee of the Chamber of Commerce?—A. With the Chamber of Commerce, merchants, manufacturers and shipowners together, negotiating jointly. Now, we had the same difficulty as the dock companies regarding shipowners. We cannot say "you are badly managed." They say to us "we have to pay labour charges. We cannot reduce our charges at the docks." (Reads):

A material proportion of liner tonnage can be operated in almost any market where the demand calls and better freights offer. I need hardly discuss the evils of international control of freights, for international control is impracticable. Both the Commission on Rings and the Dominions Royal Commission after exhaustive examination, came to the conclusion that British Empire control was impracticable.

What would be the result of any attempt at local control? We know that though there is general stability of liner rates throughout the year, there are differences of working expenses, volume of cargo, and so on.

*By Mr. McKay:*

Q. "General stability of liner rates", is that not confined to what you call "package rates"?—A. You get greater stability there?

Q. Supposing the liner carries wheat, are those fixed rates?—A. Any control they have over rates is practically nil, in the case of grain.

(Reads): Let us assume that no complaint or attempt to fix freights would be made in years of low freights, but a time comes, every seven or ten years, when demand exceeds supply and local freight control is imposed. The tramps would naturally graduate from the restricted area and according to the strength of demand, cargo liner tonnage will tend to follow, leaving a shortage of tonnage in the restricted area.

*By Hon. Mr. McMurray:*

Q. What do you mean by the restricted area?—A. The area on restricted freights.

*By Hon. Mr. McMurray:*

Q. If controlled?—A. Yes.

*By Sir Henry Drayton:*

Q. Your point of view would be, supposing we put in rate control in Canada and they do not in the States and the boats can make more money out of New York, there is no law to compel you to run out of Montreal?—A. That is right. If you were willing to give them a monopoly on certain lines, on tramp ships on long term freight, I dare say you would find plenty ship owners would make it but I do not think you would find it would pay in the long run. (Reads):

Shippers would find a less frequent service and shutting out of their cargoes. Shipowners would have to pick and choose, and the result would be a strong pressure from the cargo interests to get rid of the control, and leave freights open once more. If, however, the freight control were maintained, investors would be unwilling to employ their capital and savings in a trade which was going to impose all the disadvantages of bad times without the compensation which they are entitled to expect from the good times, and the State would be forced to adopt the alternative of conferring a monopoly.

But if it be suggested that the control be confined to particular articles, what is the answer? It is, first, that the shipowner has an interest only second to the shipper in fixing freights which are equitable, having regard to relevant circumstances. Shippers are not slow to ask for reductions, and the shipowner is only too anxious to be advised of all considerations of market and otherwise. Would the Government be more competent to fix a sound rate? The Government could not order other shippers to pay more in the way of compensation, yet if they reduced the rate, they much indirectly force up other rates, or create a situation exactly comparable to that to which I have drawn attention, as a result of restricting rates in general.

Perhaps every country has received a lesson on the evil consequences of artificial control. Control during the war was necessary, but none the less evil. To-day in England, rents are still controlled and houses are therefore still short, and the problem still an acute one, creating distributing factors in the labour market, as well as embarrassment to the Government, and a heavy burden on the taxpayer. We saw its effect in shipping when the controlled rate for British ships was 12/6; for neutral ships, who were coerced by our local control, 35/—, while the free ship could secure, if I remember right, up to 70/—.

Again I would say that a power of investigation is an altogether different matter provided it be vested in a competent, impartial and non-political body. Canada and the other Dominions have shown their wisdom in giving effect to this recommendation of the Dominions Royal Commission, and the Commission on Shipping Rings, by setting up the Imperial Shipping Committee.

The whole assumption upon which the Canadian Government's proposal to take action with a view to controlling freights, is that the present freights are unreasonably high. If therefore, an examination of the voyage accounts proves conclusively that the shipowners are getting no return on their capital the assumption will have been disposed of, and it can hardly be alleged that the Conferences have been responsible for unreasonably high freights; indeed it must be manifest that the Conferences have not even the power to maintain freights at an unreasonably high figure. No business man would be willing to sell his products at a loss if he could help it.

I had some other pages underneath but that is the end of my statement. I would just like to say one more thing before I sit down, and that is as I said last, of course, I know conferences are depended upon market conditions, but as I said, the most speaking proof of that fact is that shipowners to-day cannot get freights which cover depreciation and give them any interest on their capital. I suppose that conferences have never been stronger than they are today. They have been with us for fifty years and if you trace back in the history of shipping you will find that if there is an upward movement in the line rate it goes up on the tramp rate. It goes up or down. In a letter from the Canadian National

[Mr. H. M. Cleminson.]

Millers Association, on this point I see, that they say in their letter published by the Imperial Shipping Committee Limited.

"We, as common sense business men and realizing the problem in front of steamship interests admit that ocean rates are as a rule based upon what the traffic will bear, guided to a more or less extent on the average rate per ton for a full cargo, and if Canadian Atlantic ports can stand a higher rate all well and good."

Also,

"With respect to the spread between Ocean Rates on wheat and flour, it is impossible for us to attempt to give you any figures of cost which might be used as a basis towards arriving at what would be a fair cost, but we wish to go on record that the Canadian Millers do not wish the steamship lines to carry any commodity at less than cost, and we would like to feel at all times that the steamship companies are making a fair profit on commodities that they are handling for the millers."

I hope the point of view of the witnesses who are here will satisfy you that the shipowners are not making the profit as claimed, if an account be taken of depreciation. I will not anticipate the figures because I do not know them. They are worked out by the accountants and they will be presented to you.

*By Sir Eugene Fiset:*

Q. What are the relations between the different conferences and the Chambers of Shipping in England? Have you got any control?—A. The Board of Trade here will have a Miller and the Miller may have some joint selling arrangement, or may discuss prices and the Secretary of the Chamber of Commerce might have heard gossip about the rates but that is all. You could not rely on the information he gave you.

Mr. McMASTER: Mr. Symington, I think probably you would wish to question Mr. Cleminson. I think we will give you the right of way.

Mr. SYMINGTON: I understood some of the Montreal gentlemen wanted to get back at six o'clock.

Mr. McMASTER: Six fifty-five.

*By Mr. Symington, K.C.:*

Q. Mr. Cleminson, you I understand, are the Secretary of the Chamber of Commerce, you are the General Manager of the Chamber of Shipping?—A. That is right.

Q. And a paid official?—A. That is right.

Q. How long have you been in that position?—A. Since 1916.

Q. Before that you were one of those humble people called solicitors?—A. Yes.

Q. You have had no experience as a ship operator?—A. No.

Q. You have had no experience as a member of a shipping conference or a combine?—A. No.

Q. So that the information you have is based upon what you state in this paper and there are a lot of opinions in it and also based upon the fact that you are a shipper of goods?—A. No, they are no more based on actual experience than the views of an economist are when he writes on economics.

Q. Then you gave what you term a definition of a combine as outlined in the Criminal Code? If you will look at it you will see that the definition is that everybody is guilty of an indictable offence who conspires, combines, agrees and arranges to do certain things?—A. It says "who is guilty of an offence to combine, to unduly limit."

[Mr. H. M. Cleminson.]



Q. "Everyone is guilty who conspires, combines, agrees, arranges to do certain things?—A. There is no definition of the word "combines."

Mr. MONTGOMERY, K.C.: If you want a definition, you will get it right in the Combines Investigation Act.

Mr. SYMINGTON, K.C.: I was pointing out that when he refers the committee to the definition of a combine, it has not anything to do with the real definition of a combine.

The WITNESS: This contemplates various things, combinations, agreements and arrangements.

The CHAIRMAN: You are not here on a criminal charge, but what I am pointing out to you is that you may clear your mind of this before the committee; there is no definition of a combine in what you have given the committee.

Sir HENRY DRAYTON: That is merely the definition of an illegal combine, within the meaning of the Criminal Code.

The WITNESS: I was trying to get at what you meant by the use of the word "combine".

*By Mr. Symington, K.C.:*

Q. Will you, from your experience, tell us the difference between a conference and a combine?—A. In England, we speak about a combine when people try to get control of all sources of supply, and do it especially by fusing their capital and so on, so that some person at the top can say this or that shall be done.

Q. Would you follow me this far, that if the liner owners conferred or met the shippers and arranged about rates, that that would be a conference?—A. If they met the shipper?

Q. If the shipowners and the shippers met together about rates, that that would be a conference in the strict meaning of the term?—A. It is not the steamship companies or the rate companies—.

Q. If you would answer the questions, I think we would get along faster. Would you say that if the shipowners met the shippers and discussed rates, that that would be a conference?—A. Yes, just as truly as if I went and saw counsel in England; that is called a conference, but I would have to pay a fee.

Q. But if the shipowners themselves met and fixed rates, would you call that a conference or is it something different?—A. That is not at all what we call a conference.

Q. I am objecting to your terminology, just as you are objecting to mine. I would suggest to you that where rates are fixed by conferences between the people who are going to charge them and the people who pay them, that that is a conference, but that if the rates are fixed entirely by the people who are going to charge them, that is a combine.—A. Your suggestion would be—. I would assume that the other was more of a combine, because you get a group of shipowners and shippers agreeing that these rates should be not only charged but paid. There is a combination still.

Q. You would not agree with me that there is a difference between a conference of people who are going to charge and people who are going to pay, and a conference between only those who are going to charge?—A. It does not seem to me that it helps very much to discuss words.

Q. You were objecting to the words. It seems to me that is a combine, in the strict sense of the word. I ask you to question, that if the people who are going to charge meet and fix the rates, that is a combination of shipowners fixing rates. Is that right?—A. You should send to McGill University to get an answer to that.

[Mr. H. M. Cleminson.]

Q. You prefer not to answer. Then you referred to an economist, that you were giving this evidence or opinion as though you were an economist. Would you give it as your opinion that anybody, say shipowners, should be permitted to meet and fix rates without any measure of control whatsoever? Do you say that is a sound economic principle?—A. According to the report I have read, the point of view of the shipowner is a very proper one. If they do not do it they ought to be ordered to do it, so they could give every measure of stability and uniformity which the Canadian public wants.

Q. I am not discussing that feature at all. I am asking you a question, you see. I am asking whether you stated as an economist, whether or not it is a sound economic principle in your judgment that the people who charge the rates should meet and fix them, absolutely free from control.—A. I understand that in England questions have been raised in regard to pool prices, prices of grain. There is a very strong agitation by the socialists in England against the system which they say controls the grain supply. Those of us who believe in private enterprise have had to make up our minds whether socialism or the doctrine of private enterprise is sound, and we know that the system of private enterprise itself has an automatic control in matters of this kind, unless you can control the source of supply, or, by government assistance, possibly control prices and rates. There may be a higher price paid for a short time than would otherwise be paid, but not in the long run.

Q. You have hardly answered my question, and I think it can be fairly answered by yes or no. Do you, as an economist, say it is a good economic proposition that rates should be fixed by the people who charge them, free of all control?—A. Yes, certainly.

Q. You say that?—A. I think it is very sound.

Q. Is it a fact, then, that today there is a great excess of tonnage?—A. That is true, yes.

Q. And a great lack of cargo?—A. Yes.

Q. As a result of which, one would expect that rates would decline appreciably?—A. They have relatively declined very much indeed.

Q. I say, as a result of which one would expect it?—A. Not only do we expect it, but they have in fact declined.

Q. One would expect it as a result?—A. Yes.

Q. Now, you say they have declined?—A. I say they have, relatively.

Q. Oh, I see. Let us leave out the word "relatively"—A. Are you comparing pre-war rates?

Q. I am comparing the last three or four years with the pre-war period. The rates have not declined, have they?—A. As compared with the pre-war period they are very much greater and the profits very much smaller.

Q. As compared with that time, 1913, which you named as one of the big years, they have increased very tremendously?—A. That is true. I think the grain rate is much the same.

Q. That is an open rate, is it not? At least, I understood my learned friends to say it is open, but yours are not open conference rates.—A. No particular rate is open in the same sense the grain rate is, but the general level is not open; that is fixed by the law of supply and demand for tonnage, otherwise obviously the shipper would increase the rates so as to maintain a profit. As between rate and rate, then, the shipowners have to take into consideration all the views put before them, the consideration of costs and so forth, and then have to quote a rate which seems to them to be in the interests of both parties.

Q. That is, whatever they think is the best. It is in the hands of the one party?—A. No, it is not. The shippers only wish it were.

Q. Coming back to my question, in this shortage of cargo and excess of space which has existed say, during the year 1924, have there been any declines

in rates on the North Atlantic, in 1924?—A. I hope not, because of increased expenses.

Q. So that rates in 1924, when there was a plethora of space and a shortage of cargo, were a great deal higher than they were in 1913, when there was a shortage of space and an excess of cargo?—A. I said they were relatively lower.

Q. I say rates are higher now.—A. The actual rates are higher, and the working cost is still higher.

Q. I am coming to that point now.

Mr. MONTGOMERY, K.C.: Let him come to his point, please.

Mr. SYMINGTON, K.C.: But he is lecturing me on this question.

*By Mr. Symington, K.C.:*

Q. You say that the ratio of expenses was higher in 1924 than it was in 1913, than the rates were in 1924 over 1913?—A. Yes, certainly.

Q. Will you give me the figures? I have been trying to get them?—A. They have been prepared; we have full figures, and another witness will give them to you.

Q. You have not them?—A. No.

Q. You are sure they are higher relatively?—A. The expenses?

Q. Yes.—A. As compared with the freight rates, certainly. I tell you 1913 was a big year. The margin left to the shipowner was bigger then than it is today.

Q. But that might arise from altogether different conditions. For instance, you have so much space now and so little cargo, and then you had more cargo and less space. You do not know.—A. Yes, I can assure you that that is a fact, but you will have the actual figures before you.

Q. Now, you make the statement that freight rates between the United Kingdom and Canada are on a par with those between the United Kingdom and U. S. ports. Are you speaking of westbound or eastbound traffic?—A. As a matter of fact I was speaking of both; that is, between Canada and the United States and the United Kingdom. Eastbound and westbound are the same. I understand that in certain cases, where some expenses are dealt with differently, the rates to Canada are lower than to New York. Canada has an advantage in that, but otherwise the level of rates is the same.

Q. Do I understand that is from a switching of the tariffs?—A. Other witnesses will be able to speak on that.

Q. You are giving your knowledge and opinion, because I am satisfied from studying it that they are not the same.—A. You may find cases where the Canadian shipowner has acted differently in certain cases, but I understand the committee is to deal with the whole subject. I am speaking of the general level of rates.

Q. You do not deal with flour or grain or anything in particular?—A. You are speaking of conference rates, are you not?

Q. Yes.—A. You know the flour rate, and evidence will be put before you, I am told, that the flour rate charged by the liner is lower than the tramp rate, for reasons which they can give you. Therefore, there is no necessary correspondence between the rates on flour.

Q. You know that the rates on flour were lower from the United States than from Canada. We are discussing the same thing now.—A. You were discussing conference rates.

Q. Conference rates. I mean, have you studied the subject, when you make that statement, or are you making a general statement?—A. No. Do not let us have a useless discussion. You know there are certain rates on a manufactured article, and so on, which are merely called conference rates. Then there are certain other rates like grain rates, which are not called conference rates. It is true that the liner people have to make up their minds each

[Mr. H. M. Clemenson.]



day what they are to charge to carry the goods, but they are not called conference rates, and I am speaking of those conference rates against which a complaint has been made.

Q. That is exactly what I am speaking of, and I am suggesting that there is or was a difference in the conference rate on flour, and therefore the rates are not the same.—A. I am told there is no difference in the rate. Have we not a report upon that?

Q. There is a late report upon that.—A. It is not out yet?

Mr. SYMINGTON, K.C.: I have not seen it yet.

The CHAIRMAN: What Mr. Symington asked the witness was whether there had been any difference.

Mr. SYMINGTON, K.C.: Yes, I used the past tense.

The WITNESS: I did not know you said "had been," because we know there has been, and I understand the shipper has been giving the merchants the benefit of the flat rate, and if there is any loss they are going to pocket it.

Q. And you know, do you not, that in the United States there is a differential between grain and flour to and from Canadian ports—or did you know that?—A. Yes, I have heard of the differential, but I would like to see the report.

Q. You know it exists? You know there is a differential which the United States ports insist upon, a five-cent differential in favour of grain over flour, and no differential in Canada? You know that to be a fact?—A. Yes, that is right. I think that has been under consideration by every shipping company.

Q. Now, I suppose in this statement here, from something you have said, that you are giving the view of the shipowners?—A. I am doing my best to reflect the shipowners' view, yes.

Q. In your report, the only suggestion I find that you make to the Committee, speaking for the shipowners, is a reiteration of the suggestion that the Imperial Shipping Committee should advise the governments of the Empire?—A. That is right.

Q. That is the only concrete suggestion you make to the Committee in the report?—A. That is what your own country has asked for.

Q. Let us forget that now, and you help us. Can you make any other suggestions?—A. I have none, excepting the suggestion which they themselves have made, namely, that the merchants or the people affected should meet the shipowners. That is a perfectly sound suggestion, to my mind. I know how they are satisfied in England with that, that they should discuss dock charges together like that, and I am sure it satisfied the dock authorities. For example, I will give you an instance of how the whole thing works out. The coal trade, we will say, is very anxious to get a lower trimming charge, and the whole Committee said, "Well, if you are being charged a high rate, we quite agree that you should get it lowered, and we would be glad to stand aside and let you have the facts tried out on that issue, but we, as other traders, will make it perfectly clear to the Minister of Transport that if you are being charged no more than the relative cost of handling the coal, we shall ask the Minister of Transport not to order any decrease in the rates." Now, it was found that the charge was not too low, having regard to the cost of handling the coal.

*By the Chairman:*

Q. Not too low, or not too high?—A. It was not too high; I beg your pardon. In a case of this kind I could see great advantages in discussing questions like this. Let us take the case of flour. I understand a shipowner to say that 5 cents is not a big enough differential between grain and flour. I know, as a solicitor who had to deal with cargo claims, what a big difference there is in

[Mr. H. M. Cleminson.]

the question of cargo from the Thames point of view; I know how difficult it is to handle flour, how it receives damp, and becomes spoiled; on the other hand, I know how easy grain is to handle; you can pump it in and out like water; you may want it for ballast, and you may have a special reason for taking it for freight. There is a case where a body representing the whole of the interests could discuss matters together, and act perfectly fairly and squarely, as we do in that Committee, and you would find instead of particular interests appealing to the Government, they would appeal to themselves, and appeal to their own common sense.

*By Mr. Symington, K.C.:*

Q. I suggest to you that the millers in this case did approach the Conference on at least two or three occasions, finally got nowhere, and had to deal with the Government?—A. Yes, but did they say to the other shippers, "Now, are you prepared to agree to put up your rates in order that we may have this freight"? Because, after all, that really is the issue; that is really the issue. They asked the shipper whether he would bear the loss, and the shipper said, "No, I would rather not carry your cargo; I am already losing money and I cannot afford to lose more than I need," but if the other interests had said, "We are quite prepared to bear a bit more," they would not have had to bear much more to enable the miller to get his lower charge.

Q. These two recommendations which you have suggested have been on the boards for four or five years, have they not? That was mentioned in this Shipping Ring Reports and Dominion Conference, and you are speaking now for the shipowners. What have the shipowners ever done to bring about a remedy in the last eight or nine years?—A. There has been real progress. I think the Committee itself gives its account of various associations of that kind which have been formed. I think it gives a list of them

Q. To meet the Conference?—A. To meet the Conference and discuss matters.

Q. The reason I asked that is that in one of the minutes of the Conference is the statement that a body of shippers in New York requested to meet the Conference to discuss the rate, and the Conference said, "Tell them that is a matter for each individual Line," and they saw the Line later, through which they shipped. Have you any suggestion that there is any change of heart?—A. I am quite sure if, in fact, the real shippers would all agree—I say "real shippers"; not merely people who claim, like the Socialist leaders, to represent people whom they do not represent—but if the real shippers themselves would meet and have a Conference and say, "Let us discuss these rates," it could be done, and be done with advantage. I do not speak from any personal knowledge of the point of view of the shippers of Canada on that subject, but from those with whom I have talked, I think they would be glad to welcome it

Q. What is the objection to control by a Conference body?—A. Because I believe it is in the worst interest of the trader as well as the shipowners. You cannot have control without monopoly and neither a tramp shipowner nor a liner owner thinks it is desirable.

Q. I quite concede that is so, but granting the argument, would that cause a monopolistic system in the liner traffic on the Atlantic to and from Canada?—A. That is what is called a quasi monopoly already, and you will see how powerless it is when the law of supply and demand seems to forbid it.

Q. We think it keeps them up, but we may be wrong. Even the Shipping Ring of the Imperial Conference held that it at least kept them from going down, and a minority report said that they seriously kept them up?—A. They slow them up and slow them down.

Q. After granting all that, what is the objection, apart from the statement that you do object to a control? What is the reason for your opinion?—A. My first reason is this. I have never seen business better done by a government than



by private people; I have never seen interference by government with commerce do aught but a great deal of harm, and I am quite sure if the Government interfered with rates—either particular rates or general rates—they would do harm, and if they interfered in the way proposed, I believe they would do more harm than anything.

Q. You might have a line on this route in competition which faces lower rates; what would be the result of that?—A. In America they have forbidden fighting ships. I gather that the proposal in Canada is that the Government should subsidize a line of fighting ships. That would not do good. You cannot get stability of rates if you have a line of fighting ships.

Q. Supposing this line, subsidized or otherwise, goes into commission and freight rates are lowered 10 per cent: what would be the result on the balance of the rates?—A. Let us suppose—

Q. Can you not answer that without supposition—

Mr. MONTGOMERY, K.C.: Let him answer. It is all opinion evidence anyway.

*By Mr. Symington, K.C.:*

Q. —if the line goes on and a particular rates is lowered 10 per cent by this new line, what would be the result on freight rates in general between Canada and U.K. ports?—A. If this particular line reduced its rate by 10 per cent?

Q. Yes?—A. I take it the Conference Line would have to consider the alternative; either they must meet the rate or hold to their own rate. No one on earth can prophesy what they would do. Let us suppose, in the first place, they decided they must meet the rate and met the rate indefinitely. The result of that sort of action, in the first place, would be this: anyone who had any money to invest in England, or in any part of the world—Canada—and who was disposed to invest it in shipping would say that the last place to invest it is Canada, and, therefore, there would be no capital ready to be invested in Canadian shipping. They would be willing to invest it in any other form of shipping but not Canadian; consequently the lines themselves, if there was a 10 per cent reduction, would be still further crippled, and if that reduction were permanent, they would be unable themselves to build up those reserves which are so essential, if you want to have a development of the Line.

Q. In other words, it would slow up building?—A. Certainly, it would do that.

Q. I understand we have quite an excess of that at the present time?—A. Yes, but you must keep building—in liner service especially.

Q. Have you studied the Canadian liner service? Is it not essentially a passenger service?—A. No, I do not think it is essentially a passenger service, as far as I can see.

Q. The reply of the steamboat people pronounces it paramountly a passenger service?—A. I have asked Mr. Donald to ascertain that for me.

Q. But you must have a certain proportion of that?—A. You must keep pace with the times and build vessels suitable for trade in ten years' time.

Q. They build their boats for passenger business primarily?—A. I will give you a good example of what will happen if you have freight control. It was told me the other day in regard to cattle. One man said to me, "I was asked by the shipper to carry cattle and I said I could not afford to do it. He said, 'what will you take?' and I said, 'I am not going to take more than the current rate, because I am not prepared to be criticized in public opinion.'" Now, if he had been prepared to accept the rate which the cattle shipper was prepared to give, he could have afforded to adapt his ship to the cattle trade. Even to the extent to which the cattle rate has been held down by public opinion, you have had, at any rate, some tendency on the part of the shipowner to adapt himself to circumstances, and anyone who knows anything of private enterprise knows how quickly the commercial world adapts itself to the

[Mr. H. M. Cleminson.]



requirements of commerce. As you know, the trade has become disorganized because of the cattle embargo, and they cannot quickly adjust themselves entirely, in the face of these conditions.

The CHAIRMAN: Gentlemen, there has been a suggestion that we should have an Editorial Committee, a subcommittee of this Committee, to look over the transcript of the evidence as it comes from the reporters day by day, so we may be sure everything is correct. My own feeling is that if one of the counsel on one side and the other with one or two members of the committee would care to act, that would be a wise way to organize such a sub-committee. What do you think, Mr. Solicitor General?

Hon. Mr. McMURRAY: I think that would be a fair division of the labour.

The CHAIRMAN: I would be glad to undertake the work entirely myself, excepting that I anticipate it will be rather heavy. Sir Henry (Drayton) makes the suggestion that we might appoint two of the counsel for this purpose, and in the event of a disagreement they could refer the matter to me. If that is agreeable, I will appoint Mr. Donald and Mr. McKenzie as an Editorial Committee, to go over the evidence, and if they will bring any corrections which they think should be made, to me, I will be glad to confer with them.

(Discussion in regard to procedure to be followed at future sittings of the committee was here had).

The CHAIRMAN: My view is that one of the essential parts of this investigation is the establishment by steamship companies that the rates which they fixed in collaboration one with the other, and without the concurrence of those persons who try the rates, as being just and reasonable, and I propose directing the attention of the committee in the first place to this feature of the case.

Mr. SYMINGTON, K.C.: We will proceed then on that branch?

The CHAIRMAN: Yes; we will proceed along those lines.

The witness temporarily retired.

The Committee adjourned until Tuesday, April 21, 1925.

## MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

TUESDAY, April 21, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock, the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The meeting will please come to order. I wish to draw attention of the Committee to five communications, two to the House of Commons from the Montreal Corn Exchange, and the Montreal Board of Trade; which have been referred to us; two from the Montreal Produce Merchants Association, which have been sent to me as Chairman; and one from the Alberta Live Stock Association. In brief, three of these are framed in a critical spirit in regard to the Petersen Contract, and the one from the West is to the effect that they desire to express their appreciation of the efforts of our Federal Government to secure lower rates on steamships for export cattle to Great Britain. I will not delay the Committee by reading all of these, but will give them to the Clerk for safe keeping.

When the Committee adjourned on Friday last, we were having the pleasure of listening to Mr. Cleminson, who will now be cross-examined by Mr. Symington, on behalf of the Committee. May I make this suggestion, gentlemen? As the examination proceeds I think we should take notes of questions we would like to ask, and refrain from asking questions until Mr. Symington has finished. To do otherwise, would be to interject questions which perhaps Mr. Symington will, in the course of his examination, ask, and, therefore, I make the suggestion that Mr. Symington be allowed to deal with the witness, and after he has finished, the individual members of the Committee will have the opportunity to ask those questions which have not been asked.

HENRY MILLICAN CLEMINSON recalled.

*By Mr. Symington, K.C.:*

Q. Mr. Cleminson, you made some remarks about "Control stations." What personal knowledge have you with respect to control stations,—apart from what you have been told, I mean?—A. My first connection with it was when the Board of Trade was consulting the ship-owners in connection with the Report of the Board of Trade Committee on Ship-building and Shipping, after the War. I have made reference to that report, and I have a copy of it here which I shall be glad to put in, in which the full history of the case is made.

Mr. MONTGOMERY, K.C.: Would it not be convenient for him to put it in now?

Mr. SYMINGTON, K.C.: You may do that in re-examination, if you like.

*By Mr. Symington:*

Q. I understand your first knowledge of control stations was obtained in 1919 or 1920, after the war?—A. I think 1917. On a more recent occasion the subject was raised by the Chamber of Shipping because even after the war difficulties were placed in the way of British ship-owners carrying on an emigration business from Germany by the limitation of the number of agents they were allowed to have and I think you will find a reference to that subject is covered in a recent Anglo-German Treaty.

Q. Did you yourself go to Germany to make enquiries about those control stations?—A. No Sir.

Q. Do you know where they were?—A. No, I have not got that in my mind.

Q. Have you the names of the principal control stations?—A. No. I think they would probably be set out in that record.

Q. You don't know that yourself?—A. No.

Q. In what period of the year do your remarks upon control stations refer to?—A. I know no more than is in the published document in that respect.

Q. Is this address you wrote your own?—A. Yes.

Q. I notice you contradict quite flatly Mr. Preston. Do you know in making that contradiction what period Mr. Preston was referring to.—A. I understand that he suggested that that was a means whereby the North Atlantic lines together arranged to secure the immigration trade for themselves and to keep any outsiders from taking any benefit from it.

Q. Do you know what period he was referring to?—A. No.

Q. So that you did not make that enquiry for the purpose of that flat contradiction, whatever period he was referring to?

Mr. MONTGOMERY, K.C.: What period would you suggest he was referring to?

Mr. SYMINGTON, K.C.: He will tell you.

Sir HENRY DRAYTON: That just illustrates some of the difficulties of going on this way.

*Mr. Symington, K.C.:*

Q. I have before me a copy of the United States Committee on Merchant Marine and Insurance, House document No. 154 in reference to control stations. This immigration business was divided up in percentages among the lines. I am referring to the passenger agreement in the American-European traffic commencing at page—

Sir HENRY DRAYTON: That is the Alexander Committee?

Mr. MONTGOMERY, K.C.: Yes.

Mr. SYMINGTON, K.C.: At page 26, and the percentages allotted are given at page 22 Document 154.

The CHAIRMAN: What year is that?

Mr. SYMINGTON, K.C.: 1913 and 1914. For instance I find there an agreement between the M. D. L. V.—that was the German Line, whereby the Canadian lines agreed to carry no other passengers other than Scandinavian or Finnish. Have you any knowledge of this?—A. I have no knowledge of the details.

Q. Do you know what conference lines did enter into an agreement to divide up the percentage of traffic amongst themselves?—A. The point Mr. Preston makes, I understand, is this: He directs his attack against the British lines, suggested this is a case showing turpitude of the British lines.

Q. I have no doubt Mr. Preston will tell you about that because he was there at that time.

Mr. MONTGOMERY, K.C.: How many years ago was that.

Mr. SYMINGTON, K.C.: 1898 to 1907, probably 1900.

Q. Now, Mr. Cleminson is there anything employed such as fighting ships now? You referred to fighting ships the other day.—A. I don't know.

Q. You don't know?—A. I understand America has forbidden fighting ships and this seems to me to be the very same thing on a much grander scale.

Q. I am asking whether or not the conference lines have abandoned fighting ships and you say you don't know.—A. No.

[Mr. H. M. Cleminson.]



Q. When was the last rate war in the traffic between the United Kingdom and Canada?—A. I think you will have to ask one of the owners in the trade.

Q. Therefore, I presume you cannot tell us the results of such a rate war. You cannot say whether it reduces or increases rates, from knowledge?—A. The effect of a rate war must immediately reduce rates. It may even send people into bankruptcy who are parties to it.

Q. I understand you to say that there was a difference of rates between the continental ports and Canada and between the United Kingdom ports and Canada?—A. I understand there is still a difference between them.

Q. The traffic between the United Kingdom and Canada being higher in price than the traffic between the Continent and Canada?—A. I understand some rates are higher; some rates are lower.

Q. Are the higher rates a result of the rate war condition?—A. I could not tell you the extent to which they are due to economic conditions and rate war conditions. I drew attention to both aspects of the problem.

Q. I want to ask you whether the rates in Canada were influenced by the port charges in Great Britain?—A. The port charges mean that the shippers are put to greater expense.

Q. When the Continental Conference was working properly there was not a discrimination against Great Britain in spite of their higher port charges?—A. I pointed that out in the paper I read the other day. The ship-owner had to bear the loss.

Q. Do you know whether there is much difference between the operations of the Conferences as compared with what they were in 1913 and 1914?—A. I could not tell you. As far as I know there is no substantial difference? I understand that the tie in shipping in the North Atlantic is of the flimsiest possible kind, that anyone may leave the Conference at very short notice. There are no rebates and I think you will have to ask someone who knows about the details of the Conference.

Q. In the North Atlantic Conference are there many important lines outside the Conference?—A. I don't think so. It shows you how impossible it is for lines to keep them out.

Q. Do you notice the efforts to get them in that were made?—A. There are two sides to the problem, are there not?

Q. Quite so, but you are drawing a conclusion which is not perhaps justified by the facts. That was all. So that we may take it—A. You may term it a loosely bound conference.

Q. But there are no lines of importance outside the North Atlantic Conference, on the North Atlantic.—A. I don't know I am not aware of any.

The CHAIRMAN: You may ask him whether in view of his position in the shipping world there would likely be any of which he was not aware.

A. I could not charge my memory with that. As I told you the other day the Conference system is due to a condition and there are an infinite number of these conferences all over the world. It depends on conditions. Whenever you get two lines running together, serving the same ports, there must be a getting together of lines to exchange ideas of the rates and unless they agree to stick to the rates until they change them you would not get your stability of rates that you require.

Q. You are here representing the Conference members, the ship-owners?—A. No, I am not here representing the conference members. I am representing the Chamber of Shipping.

Q. We want to get away from theoretical side and get down to facts. What conferences are there on the North Atlantic?—A. I don't know; you will have to ask one of the witnesses who knows.

Mr. MONTGOMERY: K.C. I think there are 80 of them in that. (Holding up a book).

*By Mr. Symington, K.C.:*

Q. Who is the Secretary of the Conference on this side?—A. I do know that but I have heard his name since I came out. I think it is Mr. Morse.

Q. Do you know how many conferences he is Secretary of?—A. No. I could not tell you.

Q. Is he the representative on this side of all west bound conferences?—A. That I don't know.

Q. Do you know anything of the understandings between conferences?—A. No, I think I have told you I could not tell you to my knowledge, in that paper.

Q. In connection with some of your remarks, first, let me ask you would you say that the rates on tramp steamers are open rates?—A. Yes.

Q. The result of supply and demand?—A. Yes, purely.

Q. Would you say the same thing about Conference Rates?—A. Yes, in the main they are the result of supply and demand just as truly.

Q. Are they open rates?—A. They are not in the same sense open rates.

Q. I am referring now to the Royal Commission on Shipping Rings. They state at page 15: "On bulk goods or whole cargoes the high class service of a liner is not essential, and a low rate of freight is of far more consequence than speedy and regular transport." Do you agree with that?—A. Bulk cargoes? Yes, I state here the rates are lower by these liners than by the tramps for various economic reasons.

Q. With reference to bulk goods or whole cargoes the rate is the important thing is it not?—A. Yes, I think so.

Q. I find at page 36, the statement—"That any internal competition is a competition affecting not the rates of freight but only the facilities offered by the various lines. Where the trade of a conference is distributed over a large number of ports the fitful opposition of the tramp is not so serious."—A. I think they go too far. I think they do not recognize that the over-all level of charges on the liner are affected by the market conditions.

Q. That is, the basis of your theory is, and as we have heard the evidence, that for a long period of time, although these rates are fixed by the Conferences, they are governed by supply and demand?—A. You will find the evidence given shortly after I sit down will show that at present the Conference is unable to secure a profit.

Q. But have I stated it fairly?—A. I think that is right.

Q. So that you would disagree with that statement of the Royal Shipping Commission?—A. The Commission on rates.

Q. You think it goes too far?—A. The Commission rates?

Q. Yes.—A. That is right.

Q. I have been reading from page 36. Then at page 40 I find this, that rates are no longer assessed according to the value of the tonnage as determined by supply and demand, the limit in the case of each commodity is what the traffic will bear; do you agree with that?—A. I think that is a big, broad principle. The next question is, what is a fair test as between cargo and cargo what is required to attract cargoes, and other considerations of that kind.

Q. All I was asking you was whether in discussing their findings upon this liner conference you agree or disagree with the statement that rates are no longer assessed according to the value of tonnage as determined by supply and demand, and that the limit in the case of each commodity is what the traffic will bear.—A. The limit is what the traffic will bear.

[Mr. H. M. Clemenson.]



Q. Yes.—A. Yes, but obviously if you give one person a rate which the shipper can afford to pay and charge another shipper a rate he cannot afford, you are keeping up artificial trades.

Q. My question is, do you agree with it or do you not; can you answer the question?—A. I have answered it.

Q. I will read it to you again; it says that rates are no longer assessed according to the value of tonnage as determined by supply and demand, that the limit in the case of each commodity is what the traffic will bear. Do you agree with that or not?—A. The limit of what he can charge is what the traffic would bear?

Q. That he does charge?—A. That he can charge.

Q. No, that he does charge?—A. Are you suggesting that he charges as much as the traffic will bear?

Q. I am trying to make myself clear, Mr. Cleminson.—A. But that is not a clear statement, Mr. Symington. There is great competition; there is competition between various shippers in all parts of the world; the British ship-owner obviously cannot charge the Canadian shipper a rate which will put him at a disadvantage in comparison with Australia, for instance.

Q. But do you agree or do you disagree with the statement that the limit in the case of each commodity is what the traffic will bear?—A. I think it is too sweeping altogether.

Q. Do you agree that the rates are no longer assessed according to the value of tonnage as indicated by supply and demand?—A. That question loses sight of the big principle which governs.

Q. At page 49, in discussing the Conference rates and system, it says the effect of the rates which the ship-owners demand—(Discussion followed—as to question without stating contents).

*By Mr. Symington, K.C.:*

Q. I will put it then as my own language. Do you say that the effect of the conference system now is to compel a choice between service given on regular lines and sailings otherwise offered?—A. I do not get the effect of the conference system at all. Did you say, to compel a choice between service given on regular lines and sailings otherwise offered, that is, between conference lines and sailings otherwise offered?

Q. Yes; in other words, may I put it in this way, that all competition with liners is eliminated?—A. To the extent to which conference lines are at peace and there is an agreed rate for the time being, the rates are the same.

Q. You have told us that so far as you know every line on the North Atlantic is a conference line.—A. The competition in other lines is intense, and competition with one line or another to reduce rates when it is to their advantage is also great.

Q. Would you say that the tendency of the conference system has been to place rates on a higher plane than previously existed or to arrest the tendency of rates to fall?—A. The conference sprang out of ruinous rates to the companies. I think that is so, in the North Atlantic.

Q. It also arose out of self-protection, to keep rates from falling?—A. I think so.

Q. Would you subscribe to that opinion, that they have achieved their purpose in that regard, namely, of keeping the rates up?—A. Not up to a profit level always.

Q. But keeping them up?—A. I tell you that the general level of rates of the tramp and the liner corresponds and that is the big answer the country wants, not quibbling answers.

[Mr. H. M. Cleminson.]



Q. No matter whether you consider it quibbling or not, Mr. Cleminson, I have asked you whether or not, in your experience,—because you have been put forward publicly as an expert—the result of the conferences has been to keep rates up?—A. To an unreasonable level?

Q. No; please answer the question; to keep rates up higher than they would have been if the conference had not existed.—A. Yes, in the way you put it, it is right, because you secure the benefit of a service in a way which you could not otherwise do. You cannot look at one side without the other.

Q. Then do you subscribe to this statement, that the published accounts of the steamship companies do not permit a proper conclusion as to their proper earnings; I ask you whether you subscribe to that statement; is it right or wrong?—A. I think the published accounts of a steamship company are like any other company's, you can get a general idea.

Q. Do they permit a proper conclusion as to their earnings?—A. Just as much and just as little as any balance sheet.

Sir HENRY DRAYTON: I hope it is more than ours.

*By Mr. Symington, K.C.:*

Q. Do you prefer not to answer the question, Mr. Cleminson?—A. I think I have answered it.

Mr. MONTGOMERY K.C.: He cannot give a more direct answer than that.

The WITNESS: If you want me to, I can give you an extract from Fairplay, which will show you very low rates of profit.

*By Mr. Symington, K.C.:*

Q. We want your views, Mr. Cleminson, and I simply ask the question whether it is in your opinion correct to say that the published accounts of the steamship companies do not permit a proper conclusion as to their earnings?—A. You have had my answer.

Q. That is the only answer you will give me, is it?—A. I think it is an accurate one.

*By Sir Henry Drayton:*

Q. You agree with Fairplay?—A. That is right.

Q. Well, what is it?—A. He said he did not want Fairplay.

Q. But is it your opinion or not, that is what Mr. Symington wants?—A. So far as the balance sheets show Fairplay has given us some idea of the profits made by both liners and tramps over a long period of years.

Q. Mr. Symington's objection is perfectly right; do you adopt it, that is what he wants to know?—A. I cannot say whether it is right or not, because I did not examine it.

*By Mr. Symington, K.C.:*

Q. Let us get along with something else. I will ask again whether you will subscribe to this, that a system which does not adjust its supply and demand to the tonnage must exact higher rates than under supply and demand.—A. Will you repeat that?

Q. I am actually reading from the Royal Shipping Report, and my friend objected to my stating it in this way.

Mr. MONTGOMERY, K.C.: I did not object; my objection at the time was that you were questioning him on something involving deferred rebates.

*By Mr. Symington, K.C.:*

Q. I have not the book before me, I am taking my own notes. At page 57 you will find a statement that the system which does not adjust its supply

[Mr. H. M. Cleminson.]

of tonnage to the demand must result in the exaction of higher rates than under supply and demand; would you subscribe to that?—A. I understand that so far as they are adjusting their supply, they have exceeded their supply; there is no limitation to the supply, as I understand it. As I understand it, it is not suggested that there has been any restriction of the supply of tonnage by liners any more than by tramps, that is, any restrictions as to the profitableness or unprofitableness of the freights taken.

Q. I would suggest that there is too much tonnage and that we are paying too high rates?—A. Are you suggesting that the lines should agree, conspire, and combine to limit tonnage?

Q. Yes.—A. Put into this trade?

Q. If you considered it desirable to lower the rates, would that double the traffic?—A. You must ask the experts about that.

Q. Do you know?—A. No, I do not, of my own knowledge.

*By the Chairman:*

Q. What is your opinion as an expert upon that point? We would like to have it.—A. I think, generally speaking, by a curtailment of the services they might be able to make some reduction in rates; I should think so.

*By Mr. Symington, K.C.:*

Q. The result would be that they would be able to control it?—A. There is nothing to prevent outside lines trying to barge in, if they see a profit in this particular trade which is a bit higher than the profit in the next door trade, the tramps or the would-be liners.

*By Mr. Symington, K.C.:*

Q. Or the liners?—A. Why not have the liners or would-be liners?

Q. I am speaking of liners?—A. It is most economical for a liner, the better class of liner, to be able to run in a particular trade, but the margin between the suitability of one trade and another varies considerably.

Q. I am referring to the minority report now; I have been examining you upon the majority report of the Commission.—A. Perhaps you will tell the Committee that the majority report showed that they came to the conclusion that even with rebates the conference system was necessary in the interests of the shippers.

Q. I do not so interpret it. However, the Committee have it before them and can read it themselves. It is before the Committee, not individually, but a set has been filed for the Committee, or will be filed for the use of the Committee.

The CHAIRMAN: As a matter of fact, Mr. Symington, a resume of both the majority and the minority reports of that Committee on shipping in 1919 is found in the report bearing date 18th day of June, 1923, made by the Special Committee on Agricultural conditions at the session before last.

*By Mr. Symington, K.C.:*

Q. Quite so. Now I find that they stated the real object of the combine was to exclude competition and to raise or maintain rates of freight. They have it in the blue books, anyway, in their offices. At least I have seen it in some offices. I think every member has got a copy of it.

Q. Do you subscribe to that, Mr. Cleminson?—A. I did not hear the question, Mr. Symington.

Q. That the real object was to exclude competition and maintain or raise rates of freight?—A. The object of any commercial man is to get what he can for the services he renders, and he can only serve the public if he does that successfully.

Q. That was the object of the conference?—A. That is right.

[Mr. H. M. Cleminson.]

*By Hon. Mr. Stevens:*

Q. The sole object?—A. I do not think it is the sole object of the conference. As I said before, obviously those who believe in private enterprise know how the thing works. An individual, a person, does his best to reduce his own charges, and get what prices he can for his own services and his own goods.

Now, on page 98 they say this:

"All monopolies are liable to abuse to a greater or less extent, unless they are strictly limited either by the nature of the case, by legislation, or by some form of supervision. There is a presumption against a monopoly in any branch of trade being beneficial to the community."

Does that meet with your views?—A. It really is amusing to me to talk about a conference as a monopoly, in the same sense as a proper monopoly.

Q. We are talking about conferences now, so you can eliminate all outside things, and I am drawing your attention to whether or not that may be applied to these conferences.—A. This conference has no more a monopoly than the Canadian Grain pool has a monopoly of the world's supply of grain.

Q. That would not make it better, Mr. Cleminson. I am asking you if you subscribe to that doctrine?—A. And what is the doctrine?

Q. "All monopolies are liable to abuse to a greater or less extent, unless they are strictly limited either by the nature of the case, by legislation or by some form of supervision. There is a presumption against a monopoly in any branch of trade being beneficial to the community."—

A. Clearly, if it is a real monopoly; if, for instance, you were given a monopoly of the coal fields of England, you would be in a very strong position to charge very high prices. There is no monopoly of that kind in the shipping industry; it does not exist.

Q. You would say, then, that where a conference which has in its membership all the liner lines running across the Atlantic, and they issue tariffs of rates, it is your contention that that is not a monopoly?—A. There is a control much more effective than any control any government could introduce artificially, if you would only realize the force of the economic control.

Q. We have not come to the government control yet. I was just asking you—I was coming to that in a moment, but now I was just asking if you think that statement is correct, that monopolies should have some form of supervision?—A. In England, as in Canada, where a very strong monopoly is given to the railways, there is a principle, there as well as in Canada, that there should be control of rates.

Q. And you say there should be no control of what we think is the more important thing, transportation rates on the ocean?—A. If the government will give them a monopoly, the shipowners will submit to control.

Q. But if they themselves set up a conference which results in a monopoly, what would you say?—A. But they do not get a monopoly.

Q. But supposing they do, would your answer be that they should be controlled?—A. When that situation arises, when you find a conference has a monopoly, it will be time to consider that.

Q. Could you answer it now?

*By the Chairman:*

Q. Deal with it, Mr. Cleminson, as a hypothetical question. We do not ask you to commit yourself to the proposition that there is a monopoly, but take it for the purposes of your answer that there is a monopoly; how would you answer Mr. Symington's question? Take it if there were a monopoly?

[Mr. H. M. Cleminson.]



*By Mr. Symington, K.C.:*

Q. What I want to get from this gentleman from England, who is a man of great experience, is this. Supposing the committee came to the conclusion that there was a combine, a monopoly, what would be his views as to control? Should it be controlled or should it not? I understand that you say there is not a monopoly?—A. I have said there is a control much more effective than a control any government could introduce. In fact, if it were possible to leave the economic machine to control the railways, that would be even much better than the control which now exists over our railways, and in fact you do have that control in the shipping trade. Moreover, you know that governments cannot effectively control freights without a sacrifice of efficiency, of service, and so on. You do not perhaps realize how essentially international the shipping trade is. As I said the other day, only about five per cent of the British trade serves Canada, and it would be quite impossible for you, effectively, to control artificially any rates, even if you thought wise to try and do it.

Q. You are really preceding my question, because I was coming to what I understand is your view, that if there were a desire for control, in your judgment international control is impossible?—A. I think so, international government control.

Q. I understood you to say so, so if there is to be a control it must be in some other way. That is so, is it not?—A. I have said that any other control, apart from economic control—

Q. Coming to the possible one, you say the international control is quite impossible. Then I was going to ask, can you suggest any other method than putting on a competitive line? That may reduce rates, and afford control.—A. That would be the worst form of any attempt to control.

Q. Let us stick first to the possibility of it. As I understand it, you can suggest no other possible way except the economic one, which we have had from you all along?—A. But you will be satisfied, before the enquiry is finished, that freights are controlled down to the profitless point. What more effective control can you get?

Q. That may or may not be. What I am getting at is that you said control, in the nature of fixing rates by proclamation or legislation, is an impossible thing, because of the international nature of the traffic.—A. You could not do it without suffering, and you would suffer still more if you did it in the way proposed.

Q. And then there is the possibility of control by putting on a competitive line of ships?—A. The possibilities of harm are infinite. It is quite likely that if a competitive line of ships were put on, they could run into the extent of bankrupting the existing lines. Any powerful government could do that, quite simply and quite easily.

Q. But it is quite possible to control by putting on a competing line, is it not?—A. You could do a great deal of harm by putting on competing lines. You may take the whole lot; instead of having just sixty ships owned by the government, you might take the whole lot.

Q. I would appreciate it if you would endeavour to answer. I say it is possible to control rates by putting on competing lines.

Hon. Mr. STEVENS: Subsidize a competing line?

Mr. SYMINGTON, K.C.: I will come to that in a moment.

Q. That would effectually control it?—A. You certainly can affect rates.

Q. Can you tell us any other possible method of control except that, effective control? It may be wrong, I am not saying it is right or wrong, but a method of effective control?—A. No, I do not think I can.—If you find a rate is too high, and you find that the ship-owner cannot afford, having regard to his other obligations, to reduce that rate, you can quite well contribute

[Mr. H. M. Cleminson.]

towards his freight; there is no objection to that, and in that respect you effect the same object, but I have never heard it suggested that if the market rates of interest on money are high the government should come in and subsidize a bank to reduce the rates. No one would be so foolish.

Q. In any event, we have you down to this point, as I understand it, that whether it is right or wrong it will control rates, that method of putting on a competitive line?

Hon. Mr. STEVENS: I think, Mr. Symington, in all fairness there should be interjected there the word "subsidized", because there would not be competition if the line were not subsidized for its losses.

*By Mr. Symington, K.C.:*

Q. I am coming to that. At the moment I am only dealing with the possible method. Then, if a line is put in or started, and it puts in lower rates, the danger you say is that it will injure the different existing lines.—A. As I said the other day, I cannot tell what would happen. Supposing you put ten ships in on a line already served by 100 ships. Obviously ten ships cannot lift the whole of the cargo, can only lift ten per cent. That line could cut the rate, and the others could say, "Well, we cannot stop it; we cannot afford to make any greater losses, and therefore cannot afford to lower our rates." That might be the result.

Q. I think one of the things the committee wants to find out from you, as a representative of shipowners, is whether or not the effect would be that they would meet the competition, or whether it would be otherwise?—A. That I could not tell you.

Q. You could not tell; you would not say.—A. No. Companies have been bankrupted before in an effort to maintain the position they have made, and I suppose we will see them bankrupted in the future.

Q. I judge, then, from your evidence before adjournment and to-day, that you have no suggestion to make whereby rates can possibly be reduced?—A. I should be very silly to make a suggestion of that kind. When you know the facts you will see that the fact is that the people of Canada do not know the true facts; they have been misled, and when they know the true facts, that the most fierce form of control of rates does exist, and does operate, I cannot imagine that they would be so foolish as to contemplate either government control of freights, or the putting on of other ships.

Q. One might agree with you on some things, but after my perusal of the minutes of the combine during the last few days, I cannot agree with that "fierce control" statement which you make. But leaving all that aside, you have absolutely no suggestion to make to this committee as to how rates may be reduced?—A. Rates could be reduced in many ways. You could reduce your charges at the ports here for one thing; you could use your influence with other people to reduce their charges, in England, for instance. If, instead of blaming the ship-owners, you would make representations to the British Government, you would ascertain the burden involved in the extent of dock charges as to-day constituted.

Q. Would you say that the reduction in port charges has been reflected in ocean rates?—A. Reduction of port charges?

Q. Yes; has it been reflected in ocean rates?—A. There was a material increase of port charges last year.

Q. But wherever they have been reduced, have they been reflected in the rate?—A. Can you tell me where they have been reduced?

Q. Yes; they have been reduced. I can tell you that.—A. They cannot help but be reflected.

Q. The lines may desire it. I suggest that to you. I suggest to you, Mr. Cleminson, that I have been told—and I think it is correct—that, irrespective

[Mr. H. M. Cleminson.]



of what the port charges are or of the objection of the steamship lines—for instance, grain should reach Liverpool at exactly the same price, no matter where it comes from on this continent?—A. They do that to give you the equality you desire.

Q. Even though we may have a system of internal waterways to Montreal, a very expeditious method of loading grain, and other facilities, their idea is that grain should reach Liverpool by the same rate as though it came through the American ports?—A. I understand you wanted—

Q. Do not understand what I want at all. I ask you if that is not the principle upon which they work?—A. You do not want higher rates in Canada, do you?

The CHAIRMAN: Try to answer the questions directly, Mr. Cleminson.

*By Mr. Symington, K.C.:*

Q. I do not want to enter into an argument with you. I simply asked you if that is not the principle of the Lines that they should deliver grain at the same cost, no matter how it moves?—A. The aim of the Canadian Lines would be, I believe, to deliver grain to Liverpool as cheaply as they could deliver it from New York.

Q. So no matter what the advantages would be in port charges, loading facilities, and waterways, it would not benefit the shippers so long as the rates through the American ports were the same?—A. I would put it the other way around. Notwithstanding any disadvantages there might be, the owners in the particular trade would do their best.

Q. So it is a question of whether we have the advantages or disadvantages in our internal system, including port charges, whether we are suffering or not? A. I beg your pardon?

Q. So it depends whether we have the advantages or disadvantages in our internal system, including port charges whether we are suffering or not?—A. If you reduce your port charges in Canada so as to make the transport of cargo from this country materially cheaper than the transport of cargo from New York, you could not help but get benefit from that.

Q. Would you say from your experience that that has been the fact? —A. I think it is bound to be the fact.

Q. But would you say from your experience that it is a fact?—A. I know that Canada has demanded many impossible things from ship-owners, and they have ignored many serious difficulties—

Q. I did not ask you that. I asked you a direct question; do you want to answer it or not? I asked you whether, in your experience, Canada has got the benefit of her internal waterways, ship-loading facilities, and other facilities in her rates to the Old Country?—A. I am sure she has got the full benefit of it.

Q. Do you know?—A. You must ask the local people—

Q. I am asking you if you know, because we want your evidence, and my next question will be "What are the grain rates between the respective ports?" —A. No, I do not know.

Q. Now, supposing a competing line has superior ships suitable to the trade; on an economic basis, they would be able to put in a lower rate, would they not?—A. You are going into questions of detail which it would be very useless to ask me about.

Q. You have said that you have given us the economic viewpoint, and you are a practical man in charge of the ship-owners' business. I ask you if the competitive line has superior ships suitable to the trade—A. I think, before you continue to ask me this kind of question, you should get it more clearly in mind as to what you want. Do you want equality of rates, or do you not? Do you want free and open competition?

[Mr. H. M. Cleminson.]



The CHAIRMAN: Mr. Cleminson, it is not necessary to concern yourself with what we want. What we would like you to do is to listen carefully to Mr. Symington's questions and out of the wealth of your experience give us the benefit of clear and categorical answers to the questions. You might repeat your question, Mr. Symington.

*By Mr. Symington, K.C.:*

Q. If a competing line has superior ships suitable to the trade, should they not, on an economic basis, carry cheaper than others?—A. Superior ships more suited to the line?

Q. Suited to the trade—A. In a case of that kind the position may be this; that the inferior ship takes a lesser profit, and the superior ship gets a better profit, and ultimately maintains the higher and takes the trade.

Q. But if the superior ship is a member of the Conference, it takes the same rates?—A. I understood that was desired by the shippers.

Q. I do not care what you understood as desired by the shipper. I say, if it is a member of the Combine, it takes the same rate?—A. That is right.

Q. Now, then, I understood you to say that rates are low; in fact, your case is that they are too low now?—A. I understand they are relatively low, certainly.

Q. So that, as far as you can see, if we leave things as they are, nothing can be done with respect to an improvement in rates?—A. I think a great deal will be done, because I am perfectly sure that running expenses are bound to come down.

Q. When wages come down, then we have a hope? Is that your view?—A. Wages from top to bottom; cost of production from top to bottom.

Q. When that comes down we have some hope for lower rates.—A. Certainly.

Q. But otherwise you have no suggestion to make to the Committee of how lower rates can be obtained?—A. No.

HON. MR. STEVENS: Before you leave that point, Mr. Symington; the witness, I think, said something about the lowering of port charges. I think that is a very important point. I wonder if you would secure from him his view of that?

MR. SYMINGTON, K.C.: Yes.

*By Mr. Symington, K.C.:*

Q. What have you to say about port charges, Mr. Cleminson?—A. I think the figures which were put before you in evidence will show you that the port charges have increased to an enormous extent, quite out of relation to the freight, and that is one of the biggest items. You remember the table I gave you?

Q. Yes, we have it here?—A. That showed you the port charges, including the labour handling.

Q. And you are quite satisfied that any reduction of port charges would be reflected by the Conference Liners in their rates?—A. It could not help it.

Q. It could not help it? Supposing they said, "We will not take it off our rate"; then what?—A. They would not take it off their rate?

*By the Chairman:*

Q. Supposing they take that view?—A. They do not always immediately increase or decrease their rates. Supposing there was an exchange movement; they do not immediately clap on an increase to compensate them. If an announcement were made that labour charges were to be reduced five per cent or 10 per cent, you might expect there would be an immediate reduction of five or 10 per cent in the rates, but that would not take place. That is not to be expected in shipping or any other business, but it is quite impossible for ship-

[Mr. H. M. Cleminson.]

owners to hold back the benefit of reductions of that kind. It must pass them on to the community.

*By Mr. Symington, K.C.:*

Q. That being so, why do they object to having somebody to see that they pass them on?—A. Because they cannot help it.

Q. Then why do they object to it? If it is bound to happen that somebody sees to it, why do they object?—A. I will tell you why. It is for exactly the same reason that a cattle producer or a grain-grower in this country does not wish to have government officials attending in their offices to tell them what they should do. They know they are bound to meet market conditions; they must produce the best they can and take the best price they can get on a free market, and conditions are exactly the same in the shipping industry. There is no magic about the shipping industry.

Q. No, but there are Conferences?—A. Yes, there are Conferences; there are also pools, even in grain sold to England. We know we are buying through a pool, but we believe in the long run if we pay a bit higher price this year, the amount of grain under cultivation in this country will be increased, and taking it by and large, we shall benefit even by the pooling arrangement.

Q. But, as you know, the pool does not control all the output?—A. The output of Canadian grain?

Q. Yes?—A. No; nor does the Conference.

Q. The Conference controls the North Atlantic—all the Liner ships?—A. But nothing like the whole of the shipping trade to the ports.

Q. Quite true, but on the regular lines they do, do they not? You have told us that already?—A. Certainly.

Q. So am I to take the answer you have just given as your answer as to why the ship-owners object to any control of rates?—A. I think so; I think it is a perfectly sound, economic answer.

Q. Let me ask you this: if there were no Conference would rates be lower? A. They might well be higher. You get a greater stability by reason of the Conference.

Q. We know about the stability argument and these other things mentioned in this report. I have asked you a straight question—A. And I have given you a straight answer.

Q. I asked you if there were no Conference, whether the rates would be lower?—A. Immediately, they would be lower, but ultimately they would be bound to be higher.

Q. How long a time would you say before they would be higher?—A. Let us imagine a case where for five years—

Q. That is all right; that is your answer?—A. —for five years there is no Conference and intense competition. The building of ships would stop, and in the next succeeding five years you would, in fact, find that the facilities would be less and the rates would be higher.

Q. As a matter of fact, have we not lying in ports now enough ships for the next five years, so we do not need to build any?—A. We have many ships unused.

Q. So the threat of stopping building is not a very serious one at the moment?—A. I think it is, especially to the liner people. That part of the trade will grow considerably.

Q. So your theory is that we will go on and build more ships?—A. Just recently, regulations have been introduced, or threatened, in our country, in which certain products from this side have to be put in refrigeration. That has to be provided for. If the ship-owner can expect to get a rate to cover it, he will require to adapt his ships to refrigeration. That is an example of the way the line has to especially cater to the trade.

[Mr. H. M. Cleminson.]

Q. Then, as I understand your answer, the rates would be lower for five years, and then there would be a shortage of ships, and they would be higher?—A. I think so.

Q. I am suggesting to you that there are enough ships in ports now which are unused, to take care of this five-year situation?—A. A certain amount of the tonnage in the ports is not an economic tonnage, and a large proportion of it is tramp tonnage. It exercises a very considerable force in maintaining lower rates, but it does not, in fact, make good or keep up to date, the liner services.

Q. So that I may take it then that you say the result would be lower rates for five years, then a scarcity of tonnage, and then high rates?—A. I think so. I think, perhaps, five years is a rather low figure.

*By the Chairman:*

Q. Mr. Cleminson, I would like you to look at this report of shipping rings which I show you, and tell me who signed the majority report? You have it there. Who were the majority?—A. I do not think I know all these gentlemen here but shall be glad to find out so that we can complete the information.

Q. You will tell me their names and just what they do, if they are associated with the steamship business or not?—A. Arthur Cohen, was perhaps the most distinguished lawyer of his time at the English Bar.

Q. Is this an investigation of shipping rings?—A. Yes, 1909.

Q. Arthur Cohen was a lawyer?—A. That is right. Lord Inver-Clyde was I think—I know he owned some steamers but what his other interests were I cannot say.

Q. The next.—A. C. N. Lawrence, I don't know. Now, Hugh Bell, I suppose it is Sir Hugh Bell of Dorman, Long & Company, one of the most important steel manufacturers of the United Kingdom. W. Thomas Lewis, I don't know. Bateman, I imagine was a government servant. That I don't know. A. E. Bateman, it looks as though he were a government servant, but I don't know; a government official of some kind; Gonner, I don't know. Maddison, I don't know.

Q. Maddison did not sign the majority? It is the majority men I want.

Mr. SYMINGTON, K.C.: Maddison signed that but issued a separate judgment, saying he did not believe in shipping rings at all.

The CHAIRMAN: My recollection is that he went further in condemnation of shipping rings than the majority did.

Mr. SYMINGTON, K.C.: He signed it with reservations. What he said was in signing the report "I do not in the least agree that shipping rings are necessary or in the interests of trade in the United Kingdom or in the Colonies."

The CHAIRMAN: Do you know Mr. Mitchell?—A. No.

Q. Or Owen Phillips?—A. He is a ship-owner.

Q. Oswald Sanderson?—A. No.

Q. Look at the minority report and tell me the names of the minority and tell me what they did.—A. I could not with certainty speak of anyone here. I have only met Sir John MacDonald as a very theoretical lawyer in International Law. I will find out about those for you.

Q. Thank you. There is one question which strikes me here: Whenever you were asked about reduction of rates you seem to take it for granted that rates were at their minimum now, that any further reduction would entail loss. Your answers were predicated on that assumption, were they not?—A. I think that is enough—

Q. Your answers might be different if there was a margin of profit which would permit a reasonable gain to be made concurrent with the reduction of



price.—A. The shipping trade is like any other trade. You cannot always have it at a constant level. Unless you give a monopoly and you can guarantee he would have a certain steady level of rates but there is no industry in the world wherein people have to go through so many lean years as the ship-owner.

Q. The ship-owners at the present moment, I understand, take the view that rates are really lower than they should be, speaking generally?—A. They are much higher than they would like to see them for the benefit of trade but lower than they should be to provide a fair rate of interest and depreciation.

Q. During the War did the ship-owners make money or not?—A. Many of them made money like many other members of the commercial community.

Q. But generally speaking did the ship owning class make money?—A. I should think they made money in the same way as other interests made money.

Q. I am not inferring any obliquity, in making money during the War. That may or may not be right. I am not going to discuss that but what would be, by and large, the percentage which shipping men made during the War on the ordinary run, on the well found, well equipped and well managed ships?—A. I could not tell you off-hand but I think it is only right to say, as you have asked the question here in public meeting in Canada that the profits in shipping were not made at the expense of Canada but quite the other end.

Q. I am not concerned at whose expense they were made. I am just asking you the question whether you could as Secretary and Manager of the Chamber of Shipping, give us any idea of the most general character of the amount of money made during the war by shipowners on a percentage basis. Were they making fifty per cent or one hundred per cent? Were they making seven and one-half per cent per annum? What would you say would be a fair estimate?—A. I could not tell you that. The article I speak of in "Fair-Play" gives you a careful examination of their accounts and divides by the number of years.

Q. When you say that the rates to-day are so low as not to give a fair return on the capital invested are you referring to the actual cost of ships, say ships built in 1920 or thereabouts, or are you dealing with the replacement value?—A. I think these are questions you should ask the Accountants because they have gone into it carefully and I have not.

Q. You have given your opinion categorically that the rates charged now by ocean steamships are not sufficient to give a fair return on the capital invested. Now, I ask you this, are you referring to the capital which has been placed in the ships which perhaps were built a few years ago, when ship-building costs were very high, or are you dealing with the replacement value of the ships?—A. I think you will find that whatever way you look at it, however you look at it the owners are not making profits, whether you take the original cost of the ship or the cost of replacement you will find that the result is, either way, unsatisfactory.

Q. It would be very much more satisfactory in one view than in the other, would it not?—A. I don't know, because, you see, if you take the original cost you get the benefit of pre-war business; the cost of replacement to-day is very heavy as all materials in the world have considerably increased.

Q. When we built our Canadian Merchant Marine the cost ran up to—in respect to some ships, about £40, \$200.

Sir HENRY DRAYTON: An average of \$186 a ton.

*By the Chairman:*

Q. An average of \$186 a ton, Sir Henry Drayton says. What would be the average cost of building a ship to-day?—A. I should be glad to find that out for you.

[Mr. H. M. Cleminson.]

Q. Would it be half of that?—A. I could not tell you but I would be glad to find it out. It was for your information I was asked particularly to get it.

The CHAIRMAN: Any other questions?

Sir HENRY DRAYTON: I think the American cost was \$210.

The CHAIRMAN: \$210 was the highest.

*By Sir Henry Drayton:*

Q. You spoke about the Montreal port charges. You gave us the increases in England. We have not had any increases here.—A. Increases in charges?

Q. In Montreal.—A. I think there are increases at both ends but as I said to you the other day the shipowners have prepared information about that.

Q. You cannot tell us whether the Montreal port charges are increased or not, whether they were blamed for increases in the cost or not, is that right?—A. I cannot tell you. Generally when we meet things like port dues and port expenses on the other side, like labour charges, the other witnesses can tell you about it.

Q. You said by re-arranging the boats' runnings by curtailing the service, economies could be made and rates reduced?—A. Of course that would be more a shutting out of the grain cargo and increasing the cost of carrying the cargoes of grain but it would be reducing the cost of carrying the more valuable articles.

Q. What I want to know is whether you have examined the proper and legitimate demand of Canadian service. Take for example our butter shipments, our cheese shipments and the like, to what extent do you suggest any curtailment?—A. The idea suggested to me was that they might reduce or curtail the service lines. They could by shutting out grain, leaving it to the tramp to reduce the price on the higher class commodities. That is what is suggested might be a possibility.

Q. What I want to find out is have you gone into it all or whether you treat that just as a secondary possibility?—A. I am sure that the lines would naturally go into that if it were wanted.

Q. You said that profits during the War were not made at the expense of Canada but at the other end. I would like to know how that can be?—A. Because the movements of cargo were towards the United Kingdom for war service and the rest of it. It was the European countries that did the most of the paying.

Q. Is your theory that during the war prices were paid by the Canadian producer irrespective of freights?—A. Irrespective of freights?

Q. Yes.—A. I think the Canadian producer got a good deal more than he did before the War.

Q. Is your idea that during the War payments made to Canadian producers were made irrespective of freights? Of course in peace times his payments depend on freight. Is your theory that a different economic situation existed during the War?—A. The extent to which the profits of the producer depend upon freights is very slight. In a great many cases it depends on the nature of the goods.

Q. Take grain, we know that is fixed by the price in the Liverpool market less the cost of transport.—A. Why I mentioned grain, in England we pay 11d for a loaf, a four pound loaf.

The CHAIRMAN: What do we pay? 12 cents for a pound and a half loaf?

Mr. SYMINGTON, K.C.: Yes.

Sir HENRY DRAYTON: It looks that the farther we send it the cheaper it is.

[Mr. H. M. Cleminson.]



The WITNESS: Of that the ship-owner gets one farthing and other forms of transport get five farthings.

Sir HENRY DRAYTON: That is begging the question as to whether or not we do not sell our wheat on the Liverpool market less transportation costs. I think we can agree on that.

The WITNESS: It represents a comparatively small factor because it is a factor and the lower the freight on Canadian produce in competition with Australia the greater benefit you are going to get exactly in proportion to the amount of the saving. It is a fact that the grain freights to-day are practically the same as before the War, whereas we are paying in England a great deal more for grain than we were before the War.

Q. That all comes to the point you made that the profits you made were not made at the expense of Canada but at the other end. I wanted to see what happened to make that difference.

Mr. JOHNSTON: I would like to ask the witness this question.

Q. Did you say, Mr. Cleminson, that there are too many ships on the North Atlantic to-day for the tonnage offered?—A. I understand the position is this; you have liners and you have tramps; the tramps carry under to a charter party, the liners do the regular trade, the liners take the package freight, the valuable freight, or whatever space is spoken for, and then the vessels fill up with grain. Whether there is too much or too little tonnage of the liner class on this trade I cannot say; that is a matter of which the ship-owner is much better able to speak than I am.

Q. I would like to ask if you think there is too many ships, if fewer ships could handle the trade without curtailment of the service?—A. If they refused to carry grain and it had to be carried at a higher tramp rate and so curtailed the service, that might or might not effect economies. It is a very speculative question.

Q. If there are too many ships for the amount of tonnage offered, would it be fair to say that they would have to charge a higher rate?—A. They would like to, but then again comes in the force of competition; the more ships you have competing for the same goods, the lower your freights are.

Q. If there were fewer ships than we have to-day, and those ships were carrying a greater tonnage, would it not follow that they would be able to carry it at a lesser charge with greater profit to themselves?—A. I understand that most of them fill up with grain, therefore, as I said before, if you shut out the grain and give them more of the higher and better paying produce, that would be the result. Of course, if you could take inward cargoes, that would increase the business.

Q. Could we not do that with fewer ships than we have to-day to handle all the cargoes?—A. The proposal of the Government is to induce more ships to go in.

Q. But that is for a different purpose. If we have so much tonnage offering and too many ships, it would seem that that would pull down prices. I want to know if we could not reduce the number of ships and give them greater tonnage at a reduced rate.—A. That is the kind of thing the shipowners must talk over with the Chairman or with anybody else.

Q. Would the Shipping Conference be inclined to talk it over in conference; if they can get any rates they want by a combine, is there any incentive to talk it over?—A. Yes, there is the Profit and Loss Account in the shipping man's mind; he must get a profit as best he can.

Q. You are not prepared to say definitely that there are too many ships in the North Atlantic trade to-day?—A. No; I am not in a position to judge of a thing of that kind.



*By Mr. Halbert:*

Q. Following up Mr. Johnston's questions, Mr. Cleminson, do you know whether the ships to-day mostly get a full cargo?—A. They fill up with grain, I understand.

Q. But do they get a full cargo?—A. Yes.

*By Mr. Johnston:*

Q. In which direction, eastbound?—A. Of course less cargo is distributed in the west, comparing the value of the cargo. They could take infinitely more cargo westbound.

*By Mr. Halbert:*

Q. In your opinion, if the rates were lowered, would the ships make more profit, if there were more bacon, more cheese, more cattle and all that kind of goods going over to the Old Country; if there were more of them, instead of filling up with wheat, taking more cargoes such as I have indicated, would the ships make more profit?—A. I think so.

Q. In your opinion have the rates anything to do with the quantity of goods shipped, cheese and so forth?—A. The rate is a factor in the production and transport of goods, like any other factor. It may be small; it is generally speaking, quite small.

Q. But has the rate anything to do with the small offering you are referring to, in your opinion?—A. The figures do not bear that out at all. I think the figures of Canada's exports show pretty clearly that trade has been going on and that there is no reason to suppose it has been affected by freights at all. The cases that have been brought to my attention, where it is suggested that the rates effected a falling off in trade, do not bear out that idea at all. When Mr. Symington gives us the case we are going to to meet, we will have an opportunity of dealing with these things one after another.

Q. Would you say that that applied to cattle?—A. There has been misleading evidence especially as to that. For instance, one gentleman was approached by Mr. Preston; he was only too keen to carry cattle if he could do it at a fair profit; he found it utterly impossible at the rate ruling to-day. I think you have a wrong idea of the United Kingdom. We have not got bags of money. We can only get things from you that we can pay for, and we can only pay your competitive prices.

Q. Take our bacon trade; the Dominion Government is spending a good deal of money, and the farmers have gone to a great deal of expense to produce a grade of bacon which will compete with the Denmark bacon and bacon in the Old Country?—A. Yes.

Q. Do you think the freight rates on bacon would have any effect on the farmers of Canada competing in the Old Country with the farmers of Denmark in bacon, in quality and price?—A. Denmark has the advantage of being nearer, with no tariff walls. We can send our goods there without any interruption at all.

The CHAIRMAN: An excellent argument.

*By Mr. Halbert:*

Q. Do you suggest that we should reduce the tariff on goods going to the Old Country?—A. Please do not ask me to make any such suggestion.

The CHAIRMAN: Does anybody else wish to ask Mr. Cleminson any questions?

Hon. Mr. STEVENS: I would like to ask the witness a question or two.

Q. In regard to cargoes east and west, you suggested a moment ago that in cargoes eastward the ships were pretty well carried full; that is right, is it?—A. I think so, filling up with grain, that is quite true.

Q. I have before me figures that are included in this report of your steamship lines from Canada, the harbour of Montreal; last year, 1924, they show liners carrying 57 million bushels or 37.8 per cent?—A. What page is that on?

Q. That is at page 47, and the quantity carried by tramp steamers was 94 million odd bushels, or 62.2 per cent.—A. Yes.

Q. Can you tell me, was the rate the liners charged any lower than the rate the tramp steamers charged, on the whole?—A. I am told it is so; this memorandum tells me that. It is 11 pence cheaper, is it not?

The CHAIRMAN: If you do not know personally, do not say so.—A. I do not know personally.

*By Hon. Mr. Stevens:*

Q. If they cut out the carrying of that 57 million bushels, what then?—A. You could not cut it all out.

Q. No, you could not cut it all out, but the suggestion was made that it might be cut out and reduce the number of ships, increase the package cargoes or the higher priced cargoes and possibly lower the rates?—A. That is right.

Q. Is that the theory or suggestion that was made when the question was asked you a while ago?—A. I understand it is the suggestion made to me.

Q. Can you give me any opinion upon this point; what would be the effect of diverting a substantial portion of that 57 million bushels over to tramp steamers; would the effect be to increase the general carrying charge on grain? Let me put it the other way; is it not a fact that the taking on of this grain cargo for the liners contributes to the lowering of the general rates?—A. I gather that that is so. It depends so much upon local conditions that I could not speak with any definite knowledge about it.

Q. You do not know that?—A. No.

Q. Is there anybody here who does know, who can answer that definitely?—A. Yes.

Q. Later on?—A. Yes.

Q. Now, in regard to port charges; Sir Henry mentioned them a moment ago, and I would like if you have the information or can give it to us clearly, that you should do so. Take a port charge, is it a definite factor in the rates charged by the steamship companies?—A. Yes. The port expenses are an important and a very big factor in the expenses.

Q. The decreasing or the lowering of port charges would affect rates?—A. Yes, certainly.

Q. You do not know to what extent the port charges in Canada affect the rates—or do you?—A. No, but I suppose the lines would have the information and could give it to you, I should think very easily.

Q. Now, in regard to eastward and westward cargoes; is the fact that westbound cargoes are not of more than 25 per cent capacity or thereabouts any important factor in the rates eastbound?—A. Yes, I think it is. It is quite clear that if you could increase the westbound cargoes you could decrease the eastbound freight.

Q. Then it is an important factor?—A. I understand it is a most important factor.

*By the Chairman:*

Q. Mr. Cleminson, when you say port charges, I understand it includes loading and unloading charges as well?—A. Yes. I expressly said so. Generally speaking, we speak of port charges when we speak of charges put upon the shipper, and port expenses would cover labour charges, labour costs.

*By Mr. Rinfret:*

Q. A question has been put that I think I should mention. I understood

[Mr. H. M. Cleminson.]

you to say that the ships at present were not running at their full capacity. Can you give us an idea of what proportionate tonnage is used at present, as compared with the total tonnage?—A. The ships of the world, world tonnage, do you mean?

Q. No, British ships, ships in the North Atlantic Conference?—A. I do not know that any of their ships are laid up. Naturally the less suitable ship is laid up first.

Q. Just one more question; is it your opinion that these high rates discourage the shipping of certain commodities?—A. The importance of the freight to the marketing of goods is grossly exaggerated, but obviously freights are an item in the cost of marketing produce, just as much as the price a seller is willing to take for his goods affects the shipper's business.

Q. So that it would not be your opinion that a higher rate would prevent the importation of a certain article?—A. As I said before, it has been grossly exaggerated. If you compare the freight inward with the tariff at the time, it is about one tenth of that tariff, the freight on goods into this country. A manufacturer seeking protection would consider an amount equal to a freight useless to keep out imports; he wants something like ten per cent put on the cost, and you have freights representing only one tenth of what is considered to be necessary.—A. That does give you some idea of the small or comparatively small importance of the freight to the producer and the manufacturer who wants to sell his goods.

Q. It is not your opinion that if you lowered the freight rates you would have more cargoes for the ships?—A. That is a factor which the ship-owners always bear in mind, just like any commercial man who wants to sell his goods. He takes it in relation to every particular kind of cargo he has.

The CHAIRMAN: Mr. Black, have you any questions to ask the witness?

*By Mr. Black (Halifax):*

Q. It occurred to me, sir, that if the tonnage of the liners is reduced and they carry less grain, the space being filled by other classes of cargo, cheese and bacon and so on, there would naturally be a larger quantity of grain for the tramp steamers, and it is a fact that the tramp steamers out of Montreal carrying grain and grain alone, do so at a much higher rate than the regular liners. Therefore the shippers of grain and the handlers of grain would be at a disadvantage to that extent, or to a greater disadvantage. The difference, as given by this reply of the steamship companies, is eleven pence per quarter in favour of the tramp. In other words, the tramp gets eleven pence per quarter more than the liners for full cargoes of grain; they have been carrying it during the whole season at that rate, and that would be a disadvantage, certainly, to the handlers of grain.

Mr. SYMINGTON, K.C.: That was for one year, I think.

*By Mr. Kennedy (Glengarry):*

Q. Might I ask a question? I think this witness stated a few moments ago that in the export of commodities, the rate, the ocean rate, was only a small factor, a very small factor in determining the extent of the export trade. Did I understand you correctly to say that it is only a small factor?—A. It varies according to the case, and what I said was that its importance had been greatly exaggerated. In many cases it is an utterly unimportant factor, while in some cases it is a more important factor.

Q. Take the case of flour. We have some correspondence here, and a complaint by Mr. Watts of the Dominion Millers' Association, that a difference of twenty cents per hundred pounds existed between certain points. Would that not be a very great factor in determining whether the millers on this side could enter the foreign market or not?—A. I do not know what the price is. Twenty cents a hundred pounds, did you say?

[Mr. H. M. Cleminson.]



Q. I just noticed this; he quoted two rates, forty-five cents per hundred pounds and sixty-five cents per hundred pounds.—A. That is ten pence a hundred pounds, and what is the value of the goods at the other end?

Q. I do not know, of course. It is flour.

Hon. Mr. STEVENS: It varies all the time.

*By Mr. Kennedy (Glengarry):*

Q. It varies, of course.—A. You see, it depends entirely upon the value.

*By the Chairman:*

Q. Does it not depend, Mr. Cleminson, upon the value and upon the bulk? If you have a very valuable non-bulky article, the freight rate will be of very small importance. If you come to heavy staples like flour and coal, the freight rate may mean everything as to whether you are going to get into a market away from home or not.—A. It may mean a great deal.

Mr. SYMINGTON, K.C.: He believes in the marginal theory, that the margin is what makes the trade.

*By Mr. Kennedy (Glengarry):*

Q. Take the rates on lumber. Is it not true that Canadian lumbermen could enter the markets of Great Britain if they were given a reduction in the ocean rates on lumber?—A. I understand that in England we cannot afford to buy the Canadian wood; it is of higher quality than the Norwegian wood, and moreover we have been copying your example and using more steel and reinforced concrete, and so forth.

*By Hon. Mr. Stevens:*

Q. But you buy a tremendous quantity?—A. Oh yes, we buy a good deal, still.

*By Mr. Kennedy (Glengarry):*

Q. There is a large market there for our lumber. You do not know what the present rate is on lumber, do you?—A. No.

Hon. Mr. STEVENS: It is mostly charter prices.

*By Mr. Kennedy (Glengarry):*

Q. It is contended that a reduction of fifteen shillings on lumber, about that, would let us into the British market, and give us a good chance of competing with the other competitors.—A. That is a question which the steamship owners, I understand, go into constantly with their shippers.

Q. We are rather of the opinion that ocean freight rates is quite a large factor in determining whether or not our shippers and our exporters can get into your markets.—A. That is right. But then, I take it that the lumberman wants to make a profit on his business. If he cannot make a profit in lumbering, he goes to something else, and I take it he does not ask the shipowner to be carrying on permanently at a loss, and he would not expect that the government should order him to sell his goods at a loss in order that the shipowner could make a profit.

Q. That is a question. I was just attacking your statement that the ocean rate was a very small factor.—A. It may be a big factor or it may be a small factor, and its importance is greatly exaggerated in many cases.

*By Mr. Johnston:*

Q. In so far as the question by Mr. Black about the tramp steamers carrying wheat is concerned, do the other steamers not have to carry a certain amount of ballast, anyway?—A. The liners?

Q. Yes, the liners.—A. Yes, I think so.

Q. Does that account, then, if they have to fill up anyway, if they do not carry wheat, they would have to carry sand instead, for ballast.—A. That is a matter on which the shipowners could give you positive information, but I understand that many of them could dispense with all but a little of something like grain, but they are glad to get grain because it is so easily handled and forms good ballast.

Q. That accounts for the fact that they sometimes carry wheat cheaper than the tramps?—A. There are other reasons, but that is a big reason.

Mr. MONTGOMERY, K.C.: For the benefit of those who were not here at the opening, and lest there should be some misunderstanding as to Mr. Cleminson's inability to answer questions as to local freight rates, I would like to remind the members of the committee that Mr. Cleminson was not put forward by the shippers or shipowners as being an expert at all in local freight rates or local conditions. He came forward as a witness solely at the invitation of the Chairman, who said he wished to hear him upon certain questions. In other words, he was not put forward by the shipowners as being an expert in any way in our local freight situation.

Mr. SYMINGTON, K.C.: This statement was prepared in England, was it not?

Mr. MONTGOMERY, K.C.: I can speak from personal knowledge, and that statement was only prepared after Mr. McMaster had expressed the desire that Mr. Cleminson come here and give evidence. It was prepared after that right in Montreal.

*By the Chairman:*

Q. Your words just bring to me certain questions which I would like to ask Mr. Cleminson, if he could help us. Mr. Cleminson, how many conferences are there altogether, do you know?—A. I have no idea, sir. As I said, it is a condition, and wherever there are two lines going together, there you would expect to have a conference.

Q. Would you give us the names of all the conferences you remember?—A. I had a list of the important ones running from the United Kingdom, in connection with another matter, and I shall be glad to give you that.

Mr. MONTGOMERY, K.C.: Did you ever see that chart, Mr. Chairman? There are eight of them on it.

Mr. SHAW: Could we not have copies of that?

The CHAIRMAN: I think that is a very good idea, Mr. Shaw, and I will ask the Clerk, Mr. Gordon, to have blueprints made of that. Meanwhile, Mr. Cleminson will tell us the principal ones out of the United Kingdom.

Mr. SYMINGTON, K.C.: The reason I asked that question if there were any changes between 1914 and now, was to meet Mr. Shaw. We have those charts in this book which show the interlocking nature of these things.

Mr. SHAW: Can we have that brought out to-day?

Mr. SYMINGTON, K.C.: I suppose so, if they will give us the information. I do not know.

Mr. MONTGOMERY, K.C.: You can have any information we have. I do not think there is anything more complete than this up to the present time, dealing with the North Atlantic trade.

The CHAIRMAN: Order, gentlemen; Mr. Cleminson will answer my question now.

The WITNESS: I understand that the important conferences from the United Kingdom are, first, the Calcutta Conference—I do not know what order they are in, but I give them to you as I have them here, in evidence prepared for the Trade and Industry Committee which is now sitting in England.

[Mr. H. M. Cleminson.]

1. The Calcutta Conference;
2. The Levante Conference;
3. Australian;
4. Straits, China and Japan;
5. River Platte;
6. Brazil;
7. British West Indies;
8. Malta and Alexandria;
9. Bombay, Steam;
10. North Atlantic Westbound (to the United States);
11. North Atlantic Westbound (to Canada);
12. Australian to Australia;
13. Australian to New Zealand.

*By the Chairman:*

Q. Those are the principal ones trading out of Great Britain?—A. I think so.

*By Mr. Montgomery, K.C.:*

Q. Those are outward bound, I understand, are they not?—A. I would like, if I may be allowed, to see just what the reference is to these conferences. I had not prepared this evidence, you see.

*By the Chairman:*

Q. Perhaps you can answer this. Just what is the relation between these different conferences, and how do they operate inter-se?—A. I started by telling the committee that I have no knowledge of their working, except second-hand knowledge which one gets in this way.

Q. Sometimes very valuable things are picked up secondhand. Let us have it.—A. I understand there is no inter-relation between these conferences. You may find that they consider rates together, as you have done here in this particular trade, when they affect one another, but there is no central body such as one of the members of the committee has suggested, directing these conferences. They are all absolutely left as local as possible.

*By Sir Eugene Fiset:*

Q. But the way they work is under the central system?—A. No.

*By the Chairman:*

Q. Just tell us what would give rise to conferences, inter-se. What would give rise to conferences between the conferences?—A. Now, for instance, there are differences up and down between here and the Continent. One way of arranging for an equilibrium would be for the members of the conference to get together and say, "Now, how can we do this so we do not have this discrepancy between the two rates?"

*By Sir Eugene Fiset:*

Q. But what agency gets them together?—A. They do not need an agency, you see; they are so closely connected.

*By Mr. Symington, K.C.:*

Q. May I suggest in answer to that that in the North Atlantic Conference, for instance, Mr. Morsen is secretary of them all?—A. Yes, it may be.

The CHAIRMAN: There is the centre of it.

Mr. MONTGOMERY, K.C.: I do not think Mr. Morsen is secretary of more than one.

Mr. SYMINGTON, K.C.: He is secretary of the Atlantic conferences.

[Mr. H. H. Cleminson.]



Mr. MONTGOMERY, K.C.: I understand the Chairman is speaking of inter-conferences between the North Atlantic, the South Atlantic and the Gulf Conferences.

*By the Chairman:*

Q. Take the one Mr. Montgomery has mentioned. Suppose there was a conference between the North Atlantic, the Gulf and the South Atlantic, how would that arise, how would it be operated. What would give rise to it, first?—A. It is in the realm of speculation. If their rates affected any of the interests of the lines concerned, and, therefore, through them, of the shippers, that would naturally give rise to general conversations among themselves. They might all come to some central point for dealing with those differences.

Q. I have gathered from your statement that such a thing as this might happen—you will tell me whether my mind is working correctly or not—suppose that the Gulf Conference operates from Galveston and other ports on the Gulf of Mexico—Galveston is on the Gulf of Mexico?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. You do not know anything about those Conferences on this side?—A. Galveston is in the Gulf, I presume.

Mr. SYMINGTON, K.C.: I think we will get that more satisfactorily from some other witness.

The CHAIRMAN: I think Mr. Stevens has a question he would like to ask.

*By Hon. Mr. Stevens:*

Q. Before we leave that point, I would like to ask this question point-blank: Is there, as General Fiset has suggested, a central power to whom the individual conferences are in any sense responsible or to whom they report, or which brings about a conference of those Conferences?—A. Nothing of the kind.

Q. That is a positive answer?—A. Yes, that is quite certain.

*By Mr. Symington, K.C.:*

Q. As a matter of fact, the members of one Conference are members of another, are they not?—A. That is right.

Q. Therefore they meet together and exchange all their tariffs, do they not?—A. I do not know, I never heard of it.

Mr. MONTGOMERY, K.C.: I think we had better get that information from one who knows more about it.

Mr. SYMINGTON, K.C.: I am perfectly satisfied that there is a conference on rates.

Mr. MONTGOMERY, K.C.: There is no such thing as a central organization.

Hon. Mr. STEVENS: I did not ask any leading question; I asked a point-blank question and I think I am entitled to a point-blank answer. The witness says "No." If there is any witness who can say that there is, we will hear that witness.

Mr. MONTGOMERY, K.C.: It is understood that nothing beyond those Conferences gets together. I am instructed to say that they are more frequently called together by the United States Shipping Board; that is, the United States Shipping Board calls them together in the shipping interests of the United States.

*By the Chairman:*

Q. There will be a Conference, I presume, in Great Britain between the different Conferences, will there not, sir?—A. I do not know sir.

[Mr. H. M. Cleminson.]

*By Sir Eugene Fiset:*

Q. That is one reason why I was asking the witness if the Chamber of Shipping had any relation whatever to those Conferences, if the Chamber of Shipping was calling those Conferences together in order to discuss rates. Mr. Montgomery says that the United States Shipping Board calls them sometimes together. I want to know if the Chamber of Shipping is doing the same thing in England?—A. I am afraid we should make an awful mess of it if we tried.

*By Mr. Symington, K.C.:*

Q. Do you know any office in Leadenhall street, London, a Conference office?—A. You see that is the great shipping street in London.

Q. Do you know of any Secretary of Conferences there?—A. I do not know the names. I think Westrays runs one Conference, and the P. & O. have their head office in Leadenhall street.

Q. First, has the central office of the Conferences in Leadenhall street a secretary?—A. No, I am not aware of it.

Q. Do you know?—A. No.

*By Sir Eugene Fiset:*

Q. Did you say that you yourself were the Secretary of one of those Conferences or of a group of Conferences?—A. No, I have nothing to do with a rate or freight Conference.

*By the Chairman:*

Q. Have you anything to do with any other kind of conference?—A. The Chamber of Shipping is a conference—call it a parliament or a conference or anything—perhaps you could more properly call it a parliament.

The witness retired.

The Committee adjourned until 4 p.m.

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The Committee resumed at 4 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The meeting will please come to order.

HENRY MILLICAN CLEMINSON recalled.

*By Mr. Montgomery, K.C.:*

Q. Mr. Cleminson, just to explain your appearance here before this Committee. Did you come here purposely for the purpose of giving evidence before this Committee?—A. No, sir; I came out simply because the Canadian Government invited the Chamber of Shipping to come out.

Q. And at the time you received the invitation of the Chairman to testify here, had you prepared a memorandum of your evidence?—A. No; it was prepared during the week-end.

Q. As regards the local situation as to freights on different commodities—are you familiar with that?—A. No, sir.

Q. Are you familiar with the question as to whether the liners go out with full cargoes or vacant space?—A. No; nothing of that kind. The kind of thing we try to do in the Chamber is to keep curves of freight showing the upward and downward movements, which are published in a statistical paper. That is done by the Statistical Department and is based on public information. To the extent that the information was not available, of course, the shipowners were willing to give information.

Q. Reference has been made to the quantity of idle ships and surplus tonnage that there is at the present time. Where are these idle ships?—A. Well,

[Mr. H. M. Cleminson.]

sir, of course the largest quantity is in America, but in England, there was, according to our statistics, approximately 750,000 gross tons lying idle at the beginning of the year. I left before we had our recent figures, showing what was laid up at the end of the last quarter.

Q. And why is that?—A. It is merely because there is an excess of supply over demand, so that the levels of freight are not sufficiently attractive to the ships to come out. It may cost them £300 a month to stay in port; if they see a chance to reduce their £300, of loss materially, they would certainly come out and help to depress freight markets.

Q. So that if the freights were even attractive enough at the present to allow a shipowner to break even what effect would it have upon these idle ships and their movements?—A. They would certainly come out rather than pay the expenses of being laid up.

*By Mr. Montgomery, K.C.:*

Q. What bearing has that upon the likelihood of a regime which will afford more profitable freight returns in the near future?—A. I think, sir, it makes it impossible, and so long as surpluses of tonnage remain in the world, there cannot be freights which are excessive.

Q. If the freight rates at the present time, for instance, were advanced 25 per cent, what would occur as regards these idle ships?—A. They would undoubtedly all come out.

Q. If the costs decreased so that the profits upon them increased, would the same result follow?—A. Certainly, if the freight remained the same and the expenses shrunk, that would have the same effect.

Q. So it all gets back to the old law of supply and demand, Conference or no Conference?—A. Yes, I think it might interest the Committee if I read a short extract from the address of the President of the Chamber of Shipping of the United Kingdom, on that subject. Mr. John Denholm, the President of the Chamber of Shipping, speaking, in February, at the Annual Meeting—

Q. That is not for 1897 or for 1870, but for— —A. It is 1925. Mr. Denholm said:

“I am told it is the privilege as well as the practice of the incoming President to lay his programme before you, and even embark on prophecies, if he has the temerity to prophesy. Now, the only prophecy that I would venture to make at this time in regard to freight and tonnage is that they will follow their old course in the old way of pursuing each other according to the law of supply and demand. As freights improve, laid-up tonnage, as well as new tonnage, will be put on the market, and so long as the present surplus of tonnage continues, it will only have the effect of decreasing the rates again.”

Q. Do you agree with that statement?—A. Entirely.

Q. By the way: in this question of the increase in tonnage, you were asked by one of the hon. members of this Committee on Friday as to whether you could give any figure which would show under which flags these increases had been developed?—A. Yes, sir,

Q. Have you any information along that line?—A. Being divorced from my office, the only information I have here at the present time is first the present tonnage figures. I have here the annual report of the Chamber of Shipping for this year containing a statement of the sea-going world tonnage as at the middle of last year extracted from Lloyds Register of Shipping and I have also here the report of the Chamber of Shipping of the Liverpool Steamship Association, report on trade after the War. This contains figures for 1911. I have had a comparison made between those two figures and showed the percentages of increases. The tonnage of Great Britain and Ireland rose from 17,148,017 to 18,154,958, namely 10.53 per cent.

[Mr. H. M. Cleminson.]



*By the Chairman:*

Q. From what time to what time?—A. That is in 1911 and 1924. Now the United States tonnage, their sea-going tonnage rose from 610,096 to 12,495,403, namely 1948.10 per cent; Japan rose from 1,405,482 to 3,842,707 or 173.41 per cent.

*By Sir Eugene Fiset:*

Q. What date?—A. These are dated 1911 as compared with 1925. That is nearly three times as much. France rose from 1,340,989 to 3,289,834, 145.33 per cent; Germany, as you know, is in the peculiar position that having had 4,021,865 before the War, she was deprived of most of her sea-going tonnage but already she had, by the middle of last year acquired 2,872,220; Italy had 1,115,190 and last year had 2,718,606, and increase of 143.78 per cent and so on. Should I give the percentages of increases? Holland increased 203.62 per cent; Norway 51.37 per cent; The British Dominions 51.83 per cent; Sweden 22.02 per cent; Spain 61.73 per cent; Denmark 49.28 per cent; Greece 23.05 per cent; Belgium 116.53 per cent; Brazil 25.86 per cent; Portugal 280.42 per cent; Argentine Republic 18.22 per cent; Chile, 44.58 per cent.

Q. Reference has been made this morning to the report of the Royal Commission on Shipping Rings, from which several extracts have been taken. I understand Canada was represented in the first instance at that Conference was it not?—A. That is so.

Q. You may read into the record the statement in regard to the Canadian representation?—A. "We regret that at an early stage of our inquiry we were deprived of the services of J. Torrance, owing to ill-health. T. H. Mathers was subsequently appointed to act as the representative of Canada in place of Mr. J. Torrance and he attended our meetings until the end of 1907, when with the permission of the Canadian Government he resigned on the ground that Canadian interests were not sufficiently affected to necessitate the presence of a Canadian representative at our meetings."

Q. This morning you made a reference to a report on control stations, which you said you would be prepared to file. It may be of interest if you would file it if you have it before you.—A. I think Mr. Robb has the copy there.

Q. That gives the history of these control stations does it not?—A. Yes.

*By Mr. Montgomery:*

Q. You were asked this morning as to the importance of the port charges. Is that a matter which could be appreciated by reference to the evidence already in the record at page 23 (Witness refers to page 23)—A. That is true.

Q. Of the year's earnings how much is absorbed in port, unloading and discharging charges in port?—A. The costs of loading and discharging, 105 days.

Q. The port charges themselves?—A. The port charges, 49 days.

Sir EUGÈNE FISET: I understand those two ships operate between Halifax and England.

Mr. MONTGOMERY, K.C.: I have not had an opportunity of checking these extracts of the Imperial Commission on control stations and if I do not cross-examine it will not be taken as an admission that they are theoretically correct.

The CHAIRMAN: What is the next item on the programme?

Mr. SYMINGTON, K.C.: I think my learned friend has more evidence.

The CHAIRMAN: Perhaps I should have directed that question to you (Mr. Montgomery) rather than to Mr. Symington.

Witness retires.

DAVID YOUNG, called and sworn.

Mr. MONTGOMERY: The evidence which we are making by Mr. Young and any other evidence we will have to offer will be to reply, as best we can, to the

[Mr. David Young.]

questionnaire which was laid down by my learned friend. This particular evidence will bear upon the results of the voyage accounts, in which everybody seems to be considerably interested.

*By the Chairman:*

Q. What is your full name?—A. David Young.

Q. You live where?—A. Montreal.

Q. With what line are you connected?—A. I am a chartered accountant.

Q. Is the name of your firm David Young and Company?—A. I am a member of Price, Waterhouse & Company.

Mr. SHAW: May we ask the witness to speak out a little more distinctly?

The CHAIRMAN: Mr. Young will bear that in mind. You will hear him distinctly from this time onward.

Mr. RINFRET: I did not catch the name of the line.

The CHAIRMAN: He is in the chartered accountant line, his firm is Price, Waterhouse & Company.

Mr. RINFRET: That shows how far astray I was.

Q. You are a chartered accountant, Mr. Young?—A. Yes sir.

Q. You might briefly state your qualifications.—A. I am a member of the Chartered Accountants, Scotland, Edinburgh Society, admitted in 1907; I am also a member of the Institute of Chartered Accountants, Manitoba, 1917.

Q. I understand you were for some considerable time, in charge of the Manitoba offices of Price, Waterhouse & Company?—A. I was the manager for our firm for eight years.

Q. You are at present Associate Manager at Montreal, are you not?—A. I am one of the partners at Montreal.

Q. Have you had occasion to prepare any statements in connection with the voyage accounts of any of the lines engaged in the North Atlantic trade?—A. Yes. We were instructed by the various lines to prepare statements of the operations of their voyages on the North Atlantic route, on a uniform basis, with the object of preparing a combined statement for the years 1923 and 1924, which would show in a combined form the earnings and operating expenses of ships operating on the North Atlantic Canadian route.

Q. Do you mean purely Canadian boats?—A. Boats which call at Canadian ports.

Q. How did you obtain the necessary information for the purpose, and why was it you were selected?—A. I think we were selected largely because the various lines who are involved in this enquiry did not wish their individual figures and results to be known to each other; our instructions were that the information we obtained and the material from which we built up our statement was to be considered as purely confidential between lines. That was the main reason I think we were selected.

Q. My learned friend Mr. Symington asks whether you were instructed here or in London?—A. We were instructed here, in Montreal.

Mr. SYMINGTON, K.C.: My information is that they were selected in London.

Mr. MONTGOMERY K.C.: No. I was present at the meeting and heard the suggestion made.

*By Mr. Montgomery K.C.:*

Q. Have you prepared a statement to show the results of the operations of freight boats on the North Atlantic Canadian trade?—A. Yes. I have a statement here of the operations for 1923 and 1924 of the cargo steamers of the various steamship lines operating in the North Atlantic Canadian trade. This embraces the operations for 150 voyages of 31 steamers in 1923.

## EXHIBIT No. 35

## OCEAN FREIGHT RATE CASE

STATEMENT OF COMBINED EARNINGS AND OPERATING EXPENSES OF CARGO STEAMERS OF VARIOUS STEAMSHIP LINES OPERATING IN THE NORTH ATLANTIC CANADIAN TRADE

	1923			1924		
	Aggregate	Per Voyage	Per Day	Aggregate	Per Voyage	Per Day
Number of Steamers.....	31			51		
Number of Voyages.....	150			201		
Days of Voyage.....	9,242			10,496		
Original Cost of Steamers..	\$26,209,995 66			\$48,986,330 45		
Freight Earnings.....	\$ 6,360,587 88	\$42,403 91	\$688 23	\$8,698,544 34	\$43,276 34	\$828 75
Operating Expenses—						
Port Charges.....	\$2,741,332 83	\$18,275 55	\$296 62	\$3,402,346 88	\$16,927 09	\$324 15
Fuel.....	1,456,216 22	9,708 11	157 56	1,920,767 92	9,556 06	183 00
Wages.....	721,565 00	4,810 43	78 07	844,161 20	4,199 81	80 43
Stores and Provisions.....	369,098 60	2,460 66	39 94	446,623 24	2,222 00	42 55
Insurance.....	367,771 44	3,785 14	61 44	536,632 78	2,669 82	51 13
Repairs.....	409,836 61	2,732 24	44 34	381,940 70	1,900 20	36 39
General and Management Expenses.....	270,391 03	1,802 61	29 26	528,640 87	2,630 06	50 37
Sundries.....	273,500 10	1,823 33	29 59	302,379 99	1,504 38	28 81
Total Operating Expenses...	\$6,809,711 83	\$45,398 07	\$736 82	\$8,363,493 58	\$41,609 42	\$796 83
Profit or <b>Loss</b> before charging Depreciation and making provision for extended Lay-ups.....	<u>\$449,123 95</u>	<u>\$2,994 16</u>	<u>\$48 59</u>	<u>\$335,050 76</u>	<u>\$1,666 92</u>	<u>\$31 92</u>
Depreciation.....	866,884 67	5,779 23	93 79	1,165,530 53	5,798 66	111 04
<b>Loss</b> after charging Depreciation but before making provision for extended Lay-ups.....	<u>\$1,316,008 62</u>	<u>\$8,773 39</u>	<u>\$142 38</u>	<u>\$830,479 77</u>	<u>\$4,131 74</u>	<u>\$79 12</u>

NOTE:—Words and figures **underlined** were in red type in original document.

Q. Perhaps you have a few copies which you can distribute. I would like to give my learned friend Mr. Symington a copy.—A. I have a number of copies. This statement embraces the operations of 150 voyages of 31 steamers in 1923 and 201 voyages of 51 steamers in 1924. It includes cargo liners only; there are no passenger liners included.

Q. What lines are included?—A. For the year 1923 there are included the Cairn Line, the Manchester Line.

*By the Chairman:*

Q. The Cairn Line is for 1923?—A. Yes sir.

Q. What else?—A. The Cairn Line with eight boats, the Manchester Line with twelve boats, the Canadian Pacific Steamships with eleven boats, that is 31 boats in all, and for the year 1924, 201 voyages of 51 boats, from the five boats of the Donaldson Line, one boat of the Anchor-Donaldson Line, the Cairn Line seven, and the Furness-Withy and Manchester Lines.

*By Mr. Symington, K.C.:*

Q. Are those combined?—A. Yes, that is lines managed by the Furness-Withy Company.

Q. You did not keep them separate?—A. I am not familiar with the boats, but I know they were the boats of these lines. There were thirty. The Canadian Pacific Steamships had eight. That makes 51 boats in all for 1924.



*By Mr. Montgomery, K.C.:*

Q. Which group are the Johnston Line and the Warren Line associated with, the Furness-Withy and Manchester Lines?—A. With the Furness-Withy and Manchester groups.

Q. The Furness-Withy and Manchester would include the Johnston Line and the Warren Line?—A. Yes.

Q. My information is that there are two other lines included in that group, the Furness-Withy group, the Gulf Line and the Norfolk and North American?—A. They are all classed under the Furness-Withy group.

Q. Whatever the names may be, they include all the boats operated by the Furness-Withy system?—A. Yes, for 1924.

Q. Were they selected boats, or all the boats operating in the Canadian trade of their respective lines, the cargo boats?—A. They were not selected boats, they are all the boats operating in the Canadian North Atlantic trade of which we were able to get sufficient detailed information within the time necessary to make up this statement.

Q. And they were all boats operating in the Canadian North Atlantic trade?—A. Yes sir.

Q. Are there any other lines carrying freight to and from Canada?—A. Yes. This statement does not include the operations of the Cunard, the White Star-Dominion or the Head lines.

Q. Why?—A. For the reason that we did not get the detailed information sufficiently early to include in this statement.

Q. It is coming in, is it; have you the Head Line figures now?—A. Yes, we have the Head Line figures now; they came in yesterday afternoon.

Q. Lest I should forget it later, in anticipating the figures, the statement of the Head Line which you have not had time to consolidate, would they materially affect the results in the statement you have just exhibited?—A. No. The Head Line for both years included the operations of nine boats, and the results of the voyages of those nine boats were fairly similar to the combined results as shown in this statement. The inclusion would not change the average or the total figures in any great degree.

So that that would give us a total of sixty cargo boats for 1924?—A. For 1924 there would be sixty cargo boats.

Q. Have you the information, or is there anyone here who can give us the information as to how many cargo boats there were in all during 1924 on the Canadian route, so that we may know what proportion we have of the total?—A. As far as I know, in 1924 the only boats omitted are nine boats for the Head Line and—

Q. And you say you have the results of those?—A. I have the results of those, but they are not in this statement. Those that are not reported are six cargo boats of the White Star, and seven cargo boats of the Cunard Line, 13 in all.

Q. So that you have before you, whether incorporated in your statement or in your possession, sixty out of seventy three boats?—A. Sixty out of seventy-three boats.

The CHAIRMAN: Should this statement not be filed as an Exhibit, Mr. Montgomery, because I presume it will form the basis of a good deal of examination.

Mr. MONTGOMERY, K.C.: I have no objection, sir.

The CHAIRMAN: What do you say, Mr. Symington?

Mr. SYMINGTON, K.C.: I presume that that is what it is here for, Mr. Chairman.

The CHAIRMAN: Better number it and have it put in.

Hon. Mr. STEVENS: Incorporate it in the proceedings.

[Mr. David Young.]

The CHAIRMAN: We are not printing everything, although we may print this.

*By Mr. Montgomery, K.C.:*

Q. I understand with the exception of the Canadian Pacific Steamship figures all the others have had to be obtained from England, have they not?

*By Mr. Montgomery, K.C.:*

Q. Will you tell us why the statement for 1923 does not contain the results of all the boats of all the lines embraced in the statement for 1924?—A. The statement for 1923 embraces fewer boats than 1924, because there was not sufficiently detailed information available on this side to incorporate the operations of those boats in this statement.

Q. As far as the information went which you did receive, in what direction was it?—A. For those boats that are not included for 1923?

Q. Yes.—A. The information we have is that the operations of those boats for that year resulted in losses.

Q. Had you enough information to enable you to express an opinion as to whether or not those losses were comparable with those of the boats whose results are exhibited here?—A. Just in the final result, the final loss shown, the net loss I mean shown by those boats was on about the same scale as those which are included, operating under the same conditions.

Q. But you did not have sufficient detailed information to set them out the way they are shown in this statement?—A. We did not have sufficient details of the operating expenses.

*By the Chairman:*

Q. This information that you give for the years 1923 and 1924 is based on what information was available this side of the ocean?—A. No, both sides.

*By Mr. Montgomery, K.C.:*

Q. I will get that; I am going to take him over what he had before him, so that you will have all the information on that. A representative of the Anchor-Donaldson, who is here, tells me, Mr. Young, that the reason 1923 did not come out was that your London office—that is, the London office of Price, Waterhouse & Co.—only asked the Glasgow office for 1924. I do not know whether you know of that or not.—A. They were told to ask for 1923. Still, that is the reason.

Q. That is something you do not know anything about?—A. No.

Q. Now, do these statements include the results of voyages of these lines calling at Canadian ports?—A. Yes. The voyages included in this statement are round voyages between the United Kingdom and Canada, and for the purpose of this statement Portland, Maine, has been included as a Canadian port, being a winter port. In some cases a steamer will start at Antwerp or Hamburg, or some other Continental port, will call at a United Kingdom port, and then proceed to Canada. In other cases, a steamer will come from a United Kingdom port to a Canadian port; go on from there to a United States port, come back to Canada, and then complete its journey to its home port. In both of these cases the earnings and expenses of the complete voyage are included. There are other cases where, for some reason or other, a steamer may be taken off the North Atlantic Canadian service altogether, and sent on some other trade route. In those cases the voyages are left out of this statement.

*By Mr. Montgomery, K.C.:*

Q. What is included in a voyage, is it the round trip or the single trip?—A. The round trip from the home port to the home port, and the voyages included are only those touching at a Canadian port.

*By Hon. Mr. Stevens:*

Q. And the results of your statements are to show the results of the actual round voyages in each case?—A. The results of the actual round voyages made of the ships calling at a Canadian port in the North Atlantic route.

Q. And does not include voyages on other routes?—A./No.

Q. Does it include lay-up periods, or if there is a distinction to be made you might explain it to us?—A. As I understand it, the practice in shipping is, if the Canadian trade is dull, and the owners have no other trade route on which to put the boat, the boat is laid up for a period. I understand it is not usual to lay up a boat for a shorter period than one month, because if there is a lay-up for over one month there is a certain adjustment or rebate on the insurance rate.

Q. Are there expenses connected with these lay-up periods?—A. Yes, there are certain expenses.

Q. How have you treated those?—A. As far as we could identify the lay-ups, the expenses of any lay-up for over one month have been eliminated altogether.

Q. And what about the lay-ups of under one month?—A. It is hardly possible to identify those in the accounts. When the lay-up is less than one month the steamer is actually in commission; there is a skeleton crew on board and the boat is waiting to take its berth, waiting for the cargo, and the general practice among steamship lines seems to be to include such expenses of the short lay-ups with the expenses of the next succeeding voyage. That seems to be a condition of the trade.

Q. Now, you were asked by the Chairman as to the sources of your information for the preparation of these statements. Would you please give it?—A. We will take each line separately. The first we have is the Donaldson and the Anchor-Donaldson. We were furnished with a summary of their voyages, certified by the company's auditors in Glasgow. This summary was further supported by details of the voyage accounts, brought out to Canada by the representative of the Donaldson line.

Q. And you had access to that?—A. We had access to that information, and by using that in conjunction with the summary prepared by the company's own auditor, we prepared this statement. With the Cairn line, our firm is the auditor of that line in England.

*By the Chairman:*

Q. Is the witness dealing with the year 1924?—A. Both years. Our firm is the auditor for the Cairn line in England, and we were furnished by our London office with a certificate as to the net results of all voyages in the Canadian trade during those two years, 1923 and 1924. Those summaries were supported by detailed information brought out by the accountant, the representative of the Cairn line, in much the same amount of detail as was furnished by the Donaldson line, and by use of the two, the detail and the summary, we were able to make up this statement.

Q. And you personally had full access to these detailed voyage accounts and the voyage summaries which were brought out?—A. We had access to the voyage summaries. In the case of the Canadian Pacific Steamships, we are the auditors of that company in Montreal, and for these purposes we were furnished with the actual voyage statements for the whole of their Atlantic trade for these two years, and from these voyage accounts we prepared our own summaries of the voyages which came under the classification of Canadian voyages on the Northern Atlantic route, U.K.—Canadian voyages. With the Furness-Withy and the Manchester lines—and when I speak of these I mean that group of which the Furness-Withy Company are the managers—summaries were prepared by Furness-Withy Co.'s chief accountant, and he brought

[Mr. David Young.]



these with him, supported by copies of the voyage accounts pertaining to the Canadian service. We traced the results of each voyage to the profit and loss accounts in the respective lines, and traced the profits of the respective lines to the balance sheets of the individual companies.

Q. Are you satisfied that the figures you have used in preparing these statements are authentic?—A. Yes. As I have already said, in the case of the Canadian Pacific Steamships and the Cairn line, our firm is the auditor. In the other cases the accounts are audited annually by Chartered Accountants in England and Scotland, and we have traced the figures we have used from their companies to the individual certified accounts.

Q. You have actually made that check yourself?—A. Yes. I might qualify that by saying that in the case of the Furness-Withy group, our London office is now engaged in checking these figures to the originals in London. The others were done personally.

Q. Do they all keep their accounts on the same system?—A. No. Each line does not keep its account on the same system, although there is a certain uniformity amongst the various lines in the classification of their operating expenses. In preparing this statement, we have prepared first of all the summaries of each line in as much detail, in regard to operating expenses, as we could get. Then finally we grouped these operating expenses into some uniform classification which would cover all the lines, in order to enable us to build up a combined statement for the group.

Q. When you speak of building up a combined statement, has your reclassification to put them on a comparable basis affected the results at all?—A. No, it has not affected the results.

Q. Either to reduce the earnings or to increase the expenses?—A. No, earnings have not been reduced, nor have expenses been increased or reduced.

Q. Simply to get them on a common basis as to grouping?—A. A common basis as to grouping.

Q. Now, taking the statements themselves, the first two items—number of steamers and number of voyages—are more or less self-explanatory. They include, I think you told us, all the cargo boats of which there are records?—A. Yes.

Q. Now, the "days of voyage;" you might perhaps explain that item, how that is made up?—A. That is merely the total of the number of days in each voyage. The voyage starts from the day after the boat arrives in the home port.

*By Mr. Symington, K.C.:*

Q. How is that again, the next voyage?—A. The next voyage starts the day after the boat arrives in the home port.

Q. No matter if it stays there a month?

Mr. MONTGOMERY, K.C.: Just to get the information accurately, I am told the answer to the last question is not the uniform practice. If it is convenient to the committee, if you would like to know what the practice is—

Mr. SYMINGTON, K.C.: What we want to know is how Mr. Young made up his figures.

Mr. MONTGOMERY, K.C.: I do not suppose he made up these figures at all, he summarized the figures given him.

*By the Chairman:*

Q. May I just interject this question, to see whether I have correctly understood the witness so far. Am I correct in my understanding that this Exhibit 35 is a compilation of the statements prepared by the Chartered Accountants who audit the books of the different lines, and is only a work of

compilation by Price, Waterhouse & Company, except in respect to those lines in which Price, Waterhouse & Company is the auditor?—A. No, this statement is a compilation by us, by Price, Waterhouse & Co.

Q. Quite so.—A. From information supplied by the individual lines whose figures are included in this statement.

*By Sir Eugène Fiset:*

Q. The individual account of each line?—A. The individual lines.

Q. The accountant of each line?—A. The accountant of each line.

*By Mr. Montgomery, K.C.:*

Q. And in many cases the actual accounts of each line, the voyage accounts?—A. In some cases, yes.

Q. In one case it is the actual records themselves?—A. The actual records themselves in one case.

Sir EUGÈNE FISET: One part is the actual statement?

Mr. MONTGOMERY, K.C.: I believe they are both actual statements. We have only examined the ones in Canada.

The CHAIRMAN: In other words, Mr. Montgomery, this is a compilation by Price Waterhouse & Company of figures submitted to them in the case of a number of lines, and the figures which, as auditors of certain other lines, they have found themselves?

Mr. MONTGOMERY, K.C.: I do not know whether we are particularly interested in that. It is a consolidation of the various voyage accounts of all the cargo boats operating in the Canadian trade, with the exception of those mentioned. It is a consolidation so that you will get them on a comparable basis, and on a consolidated basis.

The CHAIRMAN: Quite so, but this consolidation is made up of a statement submitted to Price Waterhouse & Company in certain instances, and of figures prepared by Price Waterhouse & Company in other instances?

Mr. MONTGOMERY, K.C.: Obviously it is a physical separation, from the fact that they are obtained from two different sources; first, those who were in Canada, where they could go and see the originals, they went and saw them and drew their own figures; those on the other side, in certain cases, the figures were taken off by the London Branch—the English branches—of Price Waterhouse & Company, and in the cases which the witness has indicated they had the certificate of the Scotch or English chartered accountants who had audited, supported by the details which the accountants of the individual lines themselves brought out and have in Canada.

Hon. Mr. STEVENS: Mr. Chairman, I think it is very important at this point—and I am taking this from your question—that we should determine whether or not we are to accept these figures. I mean, it would be very unwise for us to proceed with accepting the statement of this witness, and then later on have the question arise as to whether this was just a compilation, and so on, or whether we are going to accept it. We ought to determine that now. I think that point is an important one.

Mr. SYMINGTON, K.C.: It brings up the question we have been struggling with in your absence, Mr. Stevens, namely, the production of these voyage accounts. Perhaps I should not say that, but we are trying to arrive at a modus operandi at the moment, with my learned friend and Mr. McMaster, and so far as my recommendation to the committee is concerned, we have to have access to the voyage accounts.

Mr. MONTGOMERY, K.C.: I think we are in the way of getting the actual voyage sheets and voyage accounts and all material which is on this side, placed

[Mr. David Young.]

at the disposal of someone to be selected, under an arrangement, the details of which we can work out, so that the committee will be satisfied that they have before them the actual facts, and this statement represents the actual results of the voyages of these special lines, and is not a fanciful thing, nor a compilation of anything, but merely a consolidation.

Hon. Mr. STEVENS: I was going to say, Mr. Chairman, that as far as I am concerned I would be satisfied if Price Waterhouse will state that they accept these accounts. I am quite aware there is no auditor can find access to books and accounts over in the Old Country to check over every figure, and we must repose some confidence in witnesses of the character of Price Waterhouse & Company. If Price Waterhouse will certify to the correctness of these and to the soundness of the sources of information, just the same as an auditor of a balance sheet, we can be perfectly satisfied.

The CHAIRMAN: We will ask the witness that question.

Mr. SYMINGTON, K.C.: A balance sheet means nothing; it is only for information.

*By the Chairman:*

Q. Now, Mr. Young, just how far are you, as one of the partners in Price, Waterhouse & Company, prepared to certify as to the accuracy of Exhibit 35?—

A. I am prepared to certify to it as it stands.

Q. As being composed of figures, all of which your firm—A. Are satisfied are correct.

Q. —are satisfied as being correct?—A. Yes.

Sir HENRY DRAYTON: He said he checked it over with the original before.

The CHAIRMAN: I thought he said that in one case at least certain figures were being checked up against some other figures.

Sir HENRY DRAYTON: That is the "Six" that they have not put in.

Mr. SYMINGTON, K.C.: The only original Mr. Young said he had was the C.P.R.

Sir HENRY DRAYTON: No, Mr. Symington is quite wrong. What the witness did say was this: that summaries were made and supporting papers were brought up, and he checked these summaries from the supporting papers and was satisfied with them. That may be all wrong.

*By Sir Henry Drayton:*

Q. Is that right?—A. In regard to the Anchor Line and the Anchor-Donaldson Line, I said that the originals were summaries certified by a well-known firm of chartered accountants in Glasgow, whose figures we are prepared to accept. Further than that, we identified these figures as establishing the accuracy, from the information which one of the directors of the company brought with him to this country.

*By Mr. Symington, K.C.:*

Q. Did you have the voyage sheets?—A. We had summaries of the voyage sheets. The voyage sheets are the size of this table (indicating), but the summaries, supported by the certificate of Messrs. Moores, Carson and Watson, we are prepared to accept.

Mr. MONTGOMERY, K.C.: And which summaries are the ones my learned friend was asking for the other day, except that our summaries are much more complete. We found out why these summaries were so short. It was because they were apparently tramp boats which carried bulk cargo, and had only one or two classifications, whereas the ordinary liners would contain much more than that.

[Mr. David Young.]



The WITNESS: The only other case in which there might be a doubt in the minds of the Committee would be the Furness-Withy group. There we saw copies of summaries of the voyage accounts. We traced these summaries through the companies' own profit and loss account, to the published balance sheet. In addition to that, I have asked our London office to see the original voyage accounts, but sufficient time has not elapsed to let us know if they have seen these or not. That was merely a further substantiation.

*By Mr. Montgomery, K.C.:*

Q. And you will no doubt get a cable in due course?—A. We expect a cable any day.

*By Hon. Mr. Stevens:*

Q. And you place your imprimatur upon this statement as a member of Price Waterhouse & Company?—A. Yes, sir.

*By Mr. Montgomery, K.C.:*

Q. And you accept the responsibility as such?—A. Yes.

Q. In the case of the voyage accounts where you did not actually see the originals, but where you relied upon statements of a prominent firm of auditors, whose certificates you say you are prepared to accept, I would ask how that is comparable in result with those where you were able to make the actual check yourself?—A. You mean in the results of operating and voyages?

Q. Yes, precisely; as to whether they showed profits or loss, for instance? Were they in line with these results which you were able to personally check?—A. They were very much in line with the results we actually saw. An individual voyage might be different from another individual voyage. When you take a group of voyages and compare them with another similar group of voyages in the same trade and on the same routes, they showed a great similarity.

Q. Now, your next item "Original cost of steamers." I suppose your figures describing these are in the same way as you describe the results?—A. No; the original cost of steamers is the total amounts submitted by the various steamship lines, whose boats are included in the statement.

Q. Now, the next item, "Freight earnings." Will you tell us what that includes?—A. "Freight earnings" represents the full freight earned by each voyage after deducting a certain amount of brokerage, commission to freight agents, and such expenses like—

Q. But represents the entire earnings?—A. It represents the actual earnings to the boat.

Q. It represents the entire earnings from any source whatever?—A. The entire earnings from all sources.

*By the Chairman:*

Q. Less brokerage and commission?—A. Yes; it represents the net figures that actually accrued to the steamship lines.

*By Mr. Symington, K.C.:*

Q. Gross earnings, less what?—A. Brokerage.

Q. And you said something else—what was it?—A. The commission to freight agents, where there are any.

*By Mr. Montgomery, K.C.:*

Q. And you have worked those out, showing, first, the aggregate earnings for the fleet for the season, have you not?—A. Yes.

Q. That is the \$6,000,000-figure?—A. Yes, for 1923. The \$6,000,000 is the aggregate figure for 31 ships. The next figure, \$42,000 odd, is the average amount per voyage for that period.

[Mr. David Young.]

*By Mr. Symington, K.C.:*

Q. Divided by 150?—A. Yes, divided by 150.

Q. And the next item, \$688.23, is the average return per voyage day? There is some classification—

Mr. MONTGOMERY, K.C.: Now, we can assume that the two sets of figures giving the amounts for 1923 and 1924 would not be comparable?

The WITNESS: No, the aggregate is not comparable.

*By Mr. Montgomery, K.C.:*

Q. And the other two columns, "Per voyage" and "Per day"—are they strictly comparable?—A. Yes, they are comparable. Perhaps I had better qualify that answer. The "Per voyages" are comparable; the "Per day" figures are comparable also, but there is one thing which must be taken into consideration, and that is that the average number of days in a voyage in one year might vary from the average number of days in a voyage in another year. As this variation occurs, these comparisons are a little bit spoiled.

Q. And your collection of 31 ships is about the same in quality and earning power as the collection of 51 ships in another year?—A. Yes.

Mr. MONTGOMERY, K.C.: We have, however, representatives of the different lines who can speak as to that, if the question is of moment.

Mr. SHAW: There was some question in regard to the "Per day voyages." Has that been cleared up?

Mr. MONTGOMERY, K.C.: No, not yet. It depends upon which it is taken from. It does not affect the result, but it depends upon where you split the thing. I can get that from the other witnesses. The information I have from three of the firms—and we will introduce evidence upon it—is that a voyage ends when the ship completes her discharging, and begins when it commences to load again.

Mr. SYMINGTON, K.C.: That is a very important point.

Mr. MONTGOMERY, K.C.: Perhaps the more correct way of putting it is that a voyage ends when the ship completes discharging.

Mr. SYMINGTON, K.C.: And when does the next one start?

Mr. MONTGOMERY, K.C.: When she begins to load. We have the accountants and I prefer they would describe this for themselves.

Mr. SHAW: On what basis does the witness make his compilation?

*By Mr. Montgomery, K.C.:*

Q. You might answer that question, Mr. Young?—A. The number of days are made up by adding together the number of days given by each line on each voyage. If the various lines have not a uniform basis—

*By Mr. Symington, K.C.:*

Q. Then you are wrong?—A. No, not wrong.

*By Mr. Montgomery, K.C.:*

Q. But you have taken the number of days on each voyage as shown by the accountants, who are here to speak for themselves about it?—A. Yes.

Q. And if there are any differences in their methods they can explain what they are?—A. It will not make much difference. It—

Q. But your consolidation shows—A. Shows the actual days which they reported.

Q. Now, on the other side of the sheet are the operating expenses. What is included under the heading of "Port Charges"?—A. Under "Port Charges" I have included dock dues, stevedoring, lighterage, pilotage, and other expenses

[Mr. David Young.]

incidental to the loading and discharging of cargo. These are direct charges against each voyage and the total of \$2,741,333 in 1923 and a corresponding amount in 1924 represents the total of such expenses for all voyages.

Q. In the same way you have the figures per voyage per day for both years?—A. Yes.

Q. Fuel?—A. The fuel represents the coal or oil actually consumed on these voyages. The accounts of each voyage are charged with the fuel consumed and that amount is the total consumption for the 150 voyages and the 201 voyages for the next year.

Q. The item of wages?—A. Wages represents the wages of the master, officers and crew. These are direct charges against each voyage.

*By Mr. Symington, K.C.:*

Q. Each voyage, not per month?—A. No.

Q. Stores and provisions?—A. These represent provisions for the crew, the engine room supplies, ropes, tackle and other supplies incidental to the running of a ship. These are all direct charges.

*By Mr. Montgomery, K.C.:*

Q. Insurance?—A. Insurance represents the insurance on the boat, but it includes a relatively small amount of insurance on freight revenue. Each boat is insured separately and the cost of insurance of each boat is apportioned over the various voyages in accordance with the number of days in each voyage.

Q. So that those longer lay-offs are not reflected here at all although the boat would be still insured?—A. No, there are no expenses for extended lay-offs here.

Q. Repairs?—A. The amount shown for repairs includes the ordinary repairs incurred during each voyage and also the expenses of the annual overhaul and classification survey. All lines do not treat the expense of repairs in the same way. In some cases ordinary repairs, incidental to each voyage, are charged against the voyage and per diem rate is also charged to provide for extraordinary repairs and for the annual overhaul. In other cases each voyage is charged with a per diem rate, which include all repairs, ordinary and extraordinary and overhaul. There are still other cases where there is no charge in the voyage accounts but the repairs for each boat are charged as repairs in the profit and loss account. Now, in preparing this summary I have included under the caption of repairs all expenses for repairs, overhaul and classification survey, irrespective of the manner in which the individual lines kept them.

Q. In order to get it on a common basis?—A. In order to get it on a uniform basis.

Q. In any distribution you made has it increased the cost?—A. It has not affected the total operating expenses.

Q. They are truly and carefully represented in the statement you have produced?—A. Yes.

Q. Where the voyage accounts are charged the pier diem amount how is the actual expense treated?—A. In these cases the amount which is charged against the voyage is credited to a reserve account and the expense of the actual repair is charged to that reserve account as and when it is incurred. The practice is merely a means of spreading over each voyage certain expenses which are only met periodically.

Q. This is the commonly used method of treating ordinary repairs?—A. Yes. In other industrials it is the usual method. For instance take a steel mill; it provided for re-lining its blast furnaces in that method.

Q. We would be rather interested in ascertaining whether that works out to an unduly inflated expense. Have you been able to check that in any way, for instance, in the present case where the per diem rate is charged for over-



haul repair, are you satisfied these are fair?—A. It is the practice to estimate a per diem rate at the beginning of a season. If there should be any surplus or deficit between the amount estimated during one season and the amount actually expended during the season, these surpluses and deficits are taken into consideration in arriving at a fair rate for the next season. It is naturally to be expected that the provision in any one year will be either more or less than the actual amount expended. When you take it over a period of years the cost is spread more evenly.

Q. That is interesting in theory. In the present case what do you find?—A. In the present case the repair charges made by the lines who have adopted this method are less in the aggregate than the actual repair expenses incurred during the two years.

*By Sir Henry Drayton:*

Q. Perhaps the witness could go a little bit further along that line and say whether there is any difference in treatment between 1924 and 1923. It would cost less to repair fifty-one boats in 1924 than thirty-one in 1923?

The CHAIRMAN: We should have the tonnage of the 1924 and the tonnage in 1923.

Mr. MONTGOMERY, K.C.: The full information will be available to you.

Sir HENRY DRAYTON: Just on that point I indicated—

The CHAIRMAN: Perhaps you might answer Sir Henry Drayton's question.

*By Sir Henry Drayton:*

Q. Take the repairs for 1924 of fifty-one boats, \$381,940; in 1923 for thirty-one boats, \$409,836.61. Is there any difference in calculation?—A. These are the actual figures. The only thing I can suggest is that they did not spend as much money in 1924 as they did in 1923 on repairs.

Q. Why should insurance be cheaper in 1923 than in 1924? Was there a drop in insurance?

Mr. SYMINGTON, K.C.: It was very light. Certainly the drop was not 100 per cent. Here are \$26,000,000 worth of boats costing more than \$48,000,000 worth.

*By the Chairman:*

Q. Reverting to Sir Henry's question, does it not appear strange that in 1924 it cost \$381,940.70 to repair fifty-one boats, while in 1923 it cost \$409,836.61 to keep thirty-one in repair?

Mr. MONTGOMERY, K.C.: Of course Mr. Young can only give you what he is bound to give you, that is the figures from the accounts themselves. As to the reasons why, the representatives of the Lines, each of them are here and can specify them, the accountants or whoever may be appointed, as to the amounts. We won't need to speculate as to the reason why and we will give you what was actually done.

*By Mr. Shaw:*

Q. Are the thirty-one boats included in the fifty-one?—A. Not all of them.

Q. Practically all of them?—A. Yes.

*By the Chairman:*

Q. Did that discrepancy strike you? Did any possible reason for it come to your mind?—A. No, I did not go into that matter.

*By Sir Eugène Fiset:*

Q. Does it go to prove that some of the figures that were given to you by some of the different companies may vary from time to time, that you were

[Mr. David Young.]

dealing only with the actual figures submitted to you and nothing else?—A. The figures will naturally vary.

Q. Therefore, yours is, actually speaking, a compilation of actual figures furnished to you?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. You might get extraordinary losses which would make one year out of line with the following year. We don't need to speculate as to that because that will be placed before you and you will know the exact reasons why one year is different from another.

Sir HENRY DRAYTON: Some years you have made your repairs; other years you have not made your repairs. I thought perhaps the witness had looked into that question. The insurance seems a good deal out of line.

Mr. SYMINGTON, K.C.: The majority of the repairs are mostly covered by insurance.

Sir HENRY DRAYTON: No.

The WITNESS: There is one point you might clear up on insurance. It is not fair to base it as compared with thirty-one boats in one year and fifty-one boats in another. As I have explained insurance is spread over the voyages, in proportion to the number of days in the voyage; the first year, 9,942 days. Next year 10,042 days. That will be very largely the explanation in regard to insurance.

Mr. MONTGOMERY: There is one more explanation available in the room. I can indicate what it is now if you wish it, that is in 1924 the Underwriters permitted a reduction in the insured value of the boats, which they had not been willing to permit in 1923 and naturally the shipowners took advantage of it and insured for less. The underwriters required them to insure to a certain amount, a certain proportion and they relaxed and their requirements in 1924, with their aggregate amount of insurance being less the premiums would be correspondingly less.

Mr. SHAW: I would like to ask Mr. Montgomery the days on the voyage which are used in calculating insurance and repairs. Now, I notice that the average for the thirty-one ships would amount to sixty-two days each, whereas the average for the fifty-one is very much less. It should amount to 2,000 days more than is shown.

Mr. MONTGOMERY, K.C.: I can give you that information. One of the accountants for one of the lines informs me it is due to improved facilities on the other side, that the number of days in port were less in 1924 than in 1923.

Sir HENRY DRAYTON: It is 61½ as against 52 I think.

*By the Chairman:*

Q. Is that your explanation, Mr. Young?—A. Yes sir.

*By Sir Eugène Fiset:*

Q. It is all taken into consideration in the insurance premium, that is, simply taking the figures given to you by the insurance companies?—A. It is based on the number of days on the voyages.

Q. Not on the value of the ship?—A. The insurance itself is based on the value of the ship. The insurance is based on, whatever value is placed upon the ship by the company.

Q. You do not know what the ships are insured for?—A. No sir.

The CHAIRMAN: Have you any other questions, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Yes, Mr. Chairman.

[Mr. David Young.]

*By Mr. Montgomery, K.C.:*

Q. Now, Mr. Young, take the general management expenses, what do they amount to?—A. This item also is treated not always in the same way by each company. In certain cases where all the activities of the line are in the Canadian trade, all general management expenses are charged to that trade. In other cases, where the steamers are managed by agents other than the owners, the voyage accounts are charged with the management commission based upon freight earnings; in such cases these commissions are supposed to recoup the managers or rather those managing firms for the expenses which otherwise would be classed as General and Management, if the owners managed their own boats. There are also cases where a per diem rate is charged for general expenses, and that rate is charged to the voyage account proportionate to the number of days, and is treated in the same way as I explained in the case where repairs are treated on a per diem rate.

Q. You had the opportunity of comparing the charges made by the respective lines in a number of different ways, you had some where the actual expense was given in detail and so on; were you able to compare where the per diem rate is charged and to ascertain how that compared with the actual expense where it was charged direct?—A. Yes. They compared very well.

*By Mr. Symington, K.C.:*

Q. On what basis, the number of ships, the cargo carried, or how, per voyage?

*By Mr. Montgomery, K.C.:*

Q. Can you tell us where the per diem rate was charged to the voyage and the actual expense of management—what about that?—A. In the cases where the per diem rate was charged to the voyage, the actual expenses of management were greater than the amount charged to the voyage; we used the per diem rate which the company gave us.

*By Mr. Rinfret:*

Q. I understood you to say when we were dealing with freight earnings that they did not include brokerage or commission, and now you say that in certain cases the management expenses are charged up in that way. A. When I dealt with freight earnings I said they did not include brokerage or commission to freight agents. That does not include management commission.

Q. I understood that later on you said that in the case of certain companies the management expenses were under commissions to agents?—A. Commissions to managers. We are talking about two different kinds of commission. In this case, when I class Commission under General Management Expenses, that is the commission paid to a firm who actually operate the boats.

Q. There could be a case where the commission would be deducted from the earnings and later on added as an expense?—A. No; in no case is it in twice.

Sir HENRY DRAYTON: One is for getting the freight.

*By Mr. Montgomery, K.C.:*

Q. Go on.—A. I might put it in this way, that whatever brokerage is deducted from the earnings is the expense of getting that business, whatever commission is included with expenses is an expense of delivering the service to the shipper.

Q. In no case do they overlap?—A. In no case do they overlap one another.

Q. They are quite separate and distinct?—A. Absolutely.

*By Sir Eugène Fiset:*

Q. You could not segregate what charges are included under those different heads; could you give us an idea what charges are included there?—A. I can

[Mr. David Young.]



give you a general idea; there are office salaries, wages, clerical help, certain expenses on shore, wharves, piers, in other words all expenses incidental to the management of a steamship line not directly connected with the ships themselves or the voyages themselves; rents, rents of offices, insurance, supplies, stationary, and everything like that.

Q. Were the same figures given to you where the charges were given on a daily rate?—A. Yes, in cases where the daily rate was used for general expenses we were able to compare the total charge against voyages with the amounts actually spent for management, and the amounts charged the voyages were less.

*By Mr. Montgomery, K.C.:*

Q. Did that corroborate the fairness of the charge?—A. It showed that the voyages had not borne their proper share of the expense of that particular thing.

Q. Really had not borne their proper share?—A. They had not borne their proper share.

Q. By the way, do these management expenses include anything in the way of directors' fees or any charges of that nature?—A. No; there is nothing included in this statement for directors' fees, secretaries' fees, president's salary, interest on debentures or interest on investment, only purely operating expenses of operating steamers.

Q. In the total operating expenses there is no interest on investment and no interest on debentures?—A. There is no interest on debentures or interest on investment.

Q. Just operating charges?—A. Just operating charges.

Q. You have an item of Sundries; you might explain that?—A. That includes every other expense which could not be classed as above. In one particular line it might include various things.

Q. You have to have an item of that kind, I suppose?—A. In order to get a classification which will fit everything, we have to have some sundries. Sundries are not an unusually large figure as compared with the expenses shown.

*By the Chairman:*

Q. What do you put in sundries, Mr. Young?—A. Any expense not shown above.

Q. They are expenses not otherwise specified in that list, but what do they consist of, I do not know; what do you put under sundries?

Sir EUGENE Fiset: Champagne and cigars, I suppose.

Mr. MONTGOMERY: I would like to draw your attention to the fact that in any of these details we can give you the direct evidence of people who are able to speak as to them.

The CHAIRMAN: Let the witness say. He can tell us, or we can get it from someone else if he does not know.

The WITNESS: I would rather you did that. This statement was prepared by us in order to avoid our giving evidence on any individual company.

*By the Chairman:*

Q. I am not asking you to give evidence on any individual company, Mr. Young, I am only asking you to tell us generally what you put under sundries; if you have not the information in your head, we will not bother you about it but will get it from someone else. It looks a little strange that you should come here and bring this statement and say that it is right, and yet cannot remember what is included under sundries and cannot tell us what is in that item. Are these classifications of operating charges ending up with sundries

[Mr. David Young.]

correct; is that classification of these different items one which you worked out yourself, or one given you by the company?—A. It is one we adopted which will fit the particular case we have.

*By Mr. Montgomery, K.C.:*

Q. There are miscellaneous items in several charge accounts, indicating this and that; you have grouped them under the head of sundries.—A. We had to.

Q. To avoid making a statement many more times long?—A. Yes.

Q. Is there any question about the correctness of this grouping, the compilation of the sundries which you have grouped in that way for brevity's sake?—A. There is no question about the correctness, no.

Q. The details will be available to whoever likes to check them up?—A. The details are there for whoever likes to check them up, they are in the possession of the individual lines.

Q. You use your total operating expenses in the same way, per voyage and per day, for the two years 1923 and 1924?—A. Yes.

Q. And in dealing with the profit or loss, that is to say, the comparison between the earnings of the boat and the operating expenses, you show it both before and after taking off a certain amount for depreciation?—A. Yes, or have done that.

Q. You might let us know what basis you have adopted for the depreciation allowance?—A. In this statement the allowance for depreciation is calculated at the rate of four per cent per annum on the original cost of each steamer for the number of days operated.

*By the Chairman:*

Q. I did not catch that, Mr. Young; will you repeat it?—A. The depreciation shown in this statement is calculated at the rate of four per cent per annum on the original cost of each steamer for the number of days operated; we have used the rate of four per cent on the original cost because that is the basis adopted by the British Inland Revenue Income Tax Department. There is one variation to that, in the case of steamers acquired second-hand. The regulations of the Income Tax Department in Great Britain allow the line to provide depreciation either on that basis of four per cent on the original cost or alternatively on the basis of the expectation of life of that second-hand steamer. In a few cases the depreciation is shown on that basis in this statement.

*By Mr. Montgomery, K.C.:*

Q. That is to say, where it was worked out that way by the depreciation schemes for the individual lines?—A. In the case of about three or four boats only.

*By Sir Eugene Fiset:*

Q. And such depreciation was not taken into account when you prepared the item for repairs?—A. No. The depreciation does not appear in this statement only down here.

Q. I did not know whether it was taken into account by the different companies when they gave you their statements, as far as repairs were concerned.—A. There is no provision for depreciation in that item of repairs.

Q. You are sure of that?—A. Yes, sir.

Sir HENRY DRAYTON: I do not think they are at all inter-related. We have had that up in the Merchant Marine, and I think we allow a higher rate of depreciation. I think Sir Henry Thornton charges up more than that.

Mr. MONTGOMERY, K.C.: Every line I have had anything to do with say that at least five per cent is necessary, but Price Waterhouse & Company have

[Mr. David Young.]

adopted four per cent because that is the rate which the British Income Tax Department authorities allow for it, and you may depend upon it that it is not too high.

SIR HENRY DRAYTON: My recollection of the way the deficit of the Merchant Marine is arrived at is by charging up a higher rate than that.

MR. MONTGOMERY, K.C.: None of them have been able to make full provision, even at four per cent, as you will see. Do you happen to know, Sir Henry, whether there is any scale in our own Dominion?

SIR HENRY DRAYTON: My recollection is that it is five per cent. I speak from recollection, but I think that is right.

SIR EUGENE Fiset: During the war it was five per cent.

*By Mr. Montgomery, K.C.:*

Q. In any event, whatever the rate should be, you have taken a rate of four per cent, that arbitrary rate adopted by the British Inland Revenue and Income Tax Department.—A. We thought it better to use the four per cent, because there was this precedent for it, which recognizes that there was a low rate. The individual lines realize that four per cent is not sufficient, but it is used here because it has the precedent of the British Inland Revenue and Income Tax Department.

Q. And in any event, I believe the results show that that does not much matter, because even the four per cent has not been earned anyway.—A. On the basis of these figures it would not stand one per cent.

Q. Just let us have the figures of 1923 and 1924 first, before making any allowance whatever for depreciation on these boats.—A. For the year 1923—. Shall I give the aggregate, per day and per voyage?

Q. Yes, and just let me take this first. Should a provision be made for depreciation, as much as for any other operating expense?—A. Yes. Depreciation is just as much an element of operating expense as wages is. Depreciation is the natural wastage of a fabric.

Q. And what would happen to any shipowner who did not provide for the depreciation on his boat?—A. He would be in a bad way.

Q. Now will you give us the results before and after depreciation? Take 1923 first.—A. For 1923 the operations for 150 voyages of 31 boats resulted, before charging depreciation, in a loss of \$449,123.95. This averages a loss of \$2,994.16 per voyage, and \$48.59 per day.

Q. After making allowance for depreciation at the low rate of four per cent what would be the result?—A. After making allowance for depreciation at four per cent, but before making any provision for lay-ups, the loss for 1923 of these voyages was \$1,316,008.62.

Q. And per voyage?—A. Per voyage this represented a loss of \$8,873.39, and per day it represented a loss of \$142.38.

Q. So that had depreciation been charged at the rate of four per cent, even, you would have had a loss of \$8,700 on each voyage made, an average loss?—A. There would have been an average loss on all the voyages.

Q. And these are the actual results?—A. Yes.

Q. The correctness of which you are prepared to stand by?—A. Using the basis of four per cent for depreciation. Now for 1924—, do you want those?

Q. Yes, I would like them. I think this is possibly the best information on the record.—A. For the year 1924 the operations of 201 voyages of 51 boats showed a profit, before charging depreciation, of \$335,058.76. This represented an average profit of \$1,666.92 per voyage, or an average profit of \$31.92 per day.

Q. I understand, as a matter of information, that the freights were raised in March 1921, were they not?—A. I believe they were. The depreciation is allowed for in 1924 on the same basis as in 1923, and after allowing for depre-

[Mr. David Young.]



ciation these operations showed a loss of \$830,479.77. This represented an average loss of \$4,131.74 per voyage, and an average loss of \$79.12 per day.

*By Mr. Rinfret:*

Q. Do I understand the witness to say the rates were different in the two years?

Mr. MONTGOMERY, K.C.: We have it in evidence, I think, that the rates were raised on the 1st of March 1921.

Mr. RINFRET: You cannot compare the two years, if the rates were different.

Mr. MONTGOMERY, K.C.: That is why you get, in 1924, a profit before depreciation, whereas in 1923 you had a loss before depreciation.

Mr. SYMINGTON, K.C.: You have not studied it very much if you think that is the reason. They saved more than that in the insurance alone, apparently.

Mr. MONTGOMERY, K.C.: That is an element, too, undoubtedly. Anything that went to reduce the charges would increase the profits, undoubtedly, but the major portion, I understand, was as a result of that, or at least it had a great deal to do with it.

Sir HENRY DRAYTON: You are only speculating; it depends on the loadings and so on.

Mr. MONTGOMERY, K.C.: We have the figures; why speculate?

Mr. SYMINGTON, K.C.: We are waiting to see them.

Mr. MONTGOMERY, K.C.: All you have to do is come to some practical arrangement, and you will see them.

The CHAIRMAN: Have you finished with Mr. Young, Mr. Montgomery? If you have, I will ask Mr. Symington to examine him. That is only if you have quite finished with him.

Mr. MONTGOMERY, K.C.: I have finished, Mr. Chairman.

Sir HENRY DRAYTON: I do not think we should be asked to wade through all this evidence. I think this Exhibit should form part of the record.

The CHAIRMAN: I am going to order it included as Exhibit 35, and printed in the record.

*Cross-Examined by Mr. Symington, K.C.*

*By Mr. Symington, K.C.:*

Q. Mr. Young, you said the Head line material arrived when?—A. Arrived yesterday afternoon.

Q. And you were able to give us practically the result?—A. Yes. I have not been able to incorporate it in these figures.

Q. So it is not such a very serious matter after all, or so voluminous or impossible to get at these figures, if we have the original documents before us.—A. In connection with that Head line, I might tell you that the statement which I saw yesterday was prepared by our London office after an examination of the books of the Head line, which occupied two men for three weeks. The men went from London to Belfast for that purpose.

*By Hon. Mr. Stevens:*

Q. From your office in London?—A. Our office in London.

*By Mr. Symington, K.C.:*

Q. Mr. Young, let us get at what you have got, so we can get it. Will your material show the names of the steamers?—A. Yes.

Q. Their tonnage?—A. Not in all cases; that can be get from the owners of the steamers.

Mr. MONTGOMERY, K.C.: We are preparing a statement for you.

*By Mr. Symington, K.C.:*

Q. And their age?—A. That is being submitted by the various lines, I understand.

Q. Their age?—A. The year built.

Q. And their speed?—A. As to that, I do not know.

Q. And their fuel consumption?—A. I do not know.

Q. Because checking up this fuel consumption, it looks terrible to me.—A. It is a big item.

Q. Have you that information, that we can get it?—A. I have no information as to the fuel consumption or the speed of the boats.

Q. Nothing on the fuel consumption or the speed of the boats. Does it show, for instance, days per voyage, days of loading, days of running, or days of discharging?—A. Yes, the information which the lines have shows that.

Q. The information which you have. I am speaking now of what you have; we will find out what they have later. What I want to know now is what you have.—A. I have had it.

Q. You have had it?—A. Yes.

Q. It is not in your possession now?—A. No.

Q. Will it show the result of each boat's trip?—A. The information which I had showed the result of each voyage of each boat.

Q. Will it show the amount of coal used on each voyage?—A. The voyage account does not necessarily show that.

Q. Your voyage account does not show that?—A. No. It shows the value of the coal consumed but it does not show the tonnage.

Q. Or where it bunkered at, or how much? Will it show the wages paid to each person?—A. The information I had does not show the wages paid to each person. It shows the total wages paid on each voyage.

Q. Does it show what they pay each man, and what the number of the crew is?—A. No.

Q. Does it show the amount spent for provisions per head per voyage?—A. That information does not appear on voyage accounts as a general rule. That is statistical information.

Q. It does not appear on your voyage accounts?—A. On any voyage accounts I have ever seen.

Mr. MONTGOMERY, K.C.: You may have seen those of a tramp, not a liner.

The WITNESS: That information could be supplied, I have no doubt, by every line. They keep that as statistical information.

*By Mr. Symington, K.C.:*

Q. So that for the purposes of this committee deciding what sort of boat is a good sort of boat to use on this trade, and what sort of trade pays and what sort of trade does not pay, there is nothing in this summary of yours which will help us in any way? That is, Exhibit 35.—A. Naturally, there is not.

Q. Now, does this cover everything you have done in connection with this investigation up to date, Mr. Young?—A. This Exhibit 35 is the result of everything we have done.

Q. Of everything you have done. You have not done anything with respect to boats that carry passengers and freight?—A. In the case of one line we tried to do something with a boat like that, but it is impossible to separate the expense of running the boat between passenger and freight earnings.

[Mr. David Young.]

Q. If you had undertaken to separate it, it would show so much for wages on the boat, and how many people were employed, would it not?—A. It would show how much was paid for wages on the boat.

Q. Exactly. Have you looked into these statements of any boats which carry immigrants?—A. May have done; I do not know.

Q. Did you?—A. I may have done it; I did not try to find out the class of passenger who was on any boat I looked at.

Q. There is nothing about passengers in this.—A. There is nothing at all about passengers in that.

Q. Or expenses in connection with passengers, or revenue?—A. Or expenses or revenue in connection with passengers.

Q. So I ask you if this is all you have done up to the moment?—A. I told you that was the result of all we have done.

Q. So you have not gone into the question of the costs of carrying and the revenues from boats other than those freight cargo boats which you selected?

Mr. MONTGOMERY, K.C.: He has not selected them.

Mr. SYMINGTON, K.C.: Which were furnished to him.

Mr. MONTGOMERY, K.C.: No, these were all the cargo boats.

Mr. SYMINGTON, K.C.: Which were selected.

Mr. MONTGOMERY, K.C.: These were not selected; these are all the cargo boats. It is not selection, it is the result of all the cargo boats without selection.

Mr. SYMINGTON, K.C.: All except the Cunard line and the White Star line.

The WITNESS: Sixty boats out of seventy-three.

*By Mr. Symington, K.C.:*

Q. Have you the record of the Cunard line at all?—A. No.

Q. Have not seen it, or that of the White Star line?—A. No.

Q. Now, have you information from which we can trace whether expenses in any particular items have increased or decreased during these years?—A. I have certain information in regard to increases. Do you mean increases between 1923 and 1924?

Q. Yes, or further back?—A. I have certain information in regard to the increase of expenses between 1913 and 1924, and it is acquired from information supplied by one of the owners of the line. I would not care to give that in evidence, because it is second-hand information on my part.

Q. But looking at your Exhibit 35 "Port Charges," there is a wide difference between "Harbour Dues," "Stevedoring," etc. You have not separated them?—A. No. "Port Charges" include harbour dues, stevedoring, lighterage, and the expenses of loading and unloading.

Q. And you have not kept it separate?—A. No, it is included there.

Q. Will the information you have show us what it costs to load and unload at Montreal, as it goes to Liverpool?—A. No, the information I had would not.

Q. And what portion of that was paid by way of, what we might call, harbour dues or lighterage, or the costs of loading the stuff into the boat?

The CHAIRMAN: Stevedoring.

*By Mr. Symington, K.C.:*

Q. Yes, stevedoring?—A. In some cases it would show the difference between loading and unloading; it would be included in that detail.

Q. The reason I ask that is that I was reading in the last report of the United States Shipping Board about a reduction of 15 per cent in the stevedoring charges, and I am trying to trace how these expenses are made up. The voyage accounts would give it, would they not?—A. Yes, complete voyage accounts would.



Q. Did I understand you to say that you expect to get the Cunard and the White Star voyage summaries?—A. I did not say.

Q. Did I understand you to say that this information did show the running days and the time in port?—A. In the case of some lines it did; it showed the days in port and the days at sea. In other cases the days were combined. This (indicating) is a combined statement of a group of companies, all independent of each other.

Q. We can, from the information that you had, get any particular company or class of boat?—A. From this information?

Q. Not from Exhibit 35, but from what you had in order to prepare Exhibit 35?—A. Yes; from the information I had to prepare this Exhibit 35, you can get each voyage of each boat.

Q. Quite so, because you will realize that a boat which takes 61 days costs a lot more than a boat which takes 54 days for the round trip. That is true, is it not?—A. It might do it.

Q. Naturally. And the average here is 61 days in 1923?—A. About 61 days, yes.

Q. Will it also show what the actual freight earnings were, without deducting brokerages or commissions?—A. That can be shown by the lines.

Q. They are properly an expense, I presume?—A. The items I have deducted from revenue?

Q. Yes?—A. They are properly an expense of acquiring revenue.

Q. Now then, will the information show, for instance, that you were loading grain, loading cattle, and loading other commodities—the expenses of loading a particular commodity?—A. I do not know that it would; I cannot say as to that.

Q. What I mean is, the charge as shown here for loading—if it were mostly grain—is completely out of line, is it not, Mr. Young?—A. It cannot be out of line. It is an actual expense. These are the actual figures.

Q. But you see what I am getting at in discussing rates. The cost of loading grain would not be anything like the ratio shown there, would it?—A. I do not know; I do not know the cost of loading grain; I am not a shipping man.

Sir HENRY DRAYTON: All it shows is a general summary.

The witness retired.

The Committee then adjourned.

PARLIAMENTARY SESSION, 1925

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Special Committee appointed to consider the  
**Resolution**  
to Give the Government of Canada Control over  
Certain Ocean Rates

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**Proceedings of the Committee**

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No. 4—Wednesday, April 22, 1925.

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**COUNSEL**

Mr. H. J. Symington, appointed to assist the Committee.

Messrs. A. W. Atwater, K.C., George H. Montgomery, K.C., E. P. Flintoft,  
C. Russell McKenzie, for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen.

**EVIDENCE**

Mr. David Young, Chartered Accountant, Partner in the firm of Price,  
Waterhouse & Co., Montreal.

Col. William I. Gear, Manager Robert Reford Co., Montreal.





## EXHIBITS

**Filed by Mr. G. H. Montgomery, K.C.**

No. 1. Further names of companies belonging to the North Atlantic Conference.

No. 2. Duplicate copy of exhibit originally filed.

No. 3. Duplicate copy of exhibit originally filed.

No. 4. Further information re Agreement providing for the establishment of the Trans-Atlantic Associated Freight Conference.

No. 5. Included in No. 4.

No. 21. Further names of Conferences to which members of North Atlantic United Kingdom Conference belong.

No. 22. List of boats owned or operated by each line in the North Atlantic Conference showing age, dead weight available for cargo, cubic capacity available for cargo, passenger accommodation. (Printed as appendix to Minutes of Proceedings of to-day.)

No. 36. Specimen copies of bills of lading (filed by Col. W. I. Gear). (Not printed.)

No. 37. Petition of Montreal Corn Exchange Association, dated March 6, 1925. (Not printed.)

No. 38. Petition of the Montreal Board of Trade, dated March 5, 1925. (Not printed.)

No. 39. Petition of the Montreal Dairy Produce Exporters' Association, dated April 15, 1925. (Not printed.)

No. 40. Resolution of Montreal Produce Merchants' Association, dated April 17, 1925. (Not printed.)

No. 41. Resolution of Alberta Live Stock Associations, dated April 16, 1925. (Not printed.)



## MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM, No. 231,

WEDNESDAY, April 22, 1925.

The Committee met at 2 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present:—Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Stevens, Stork.—14.

Mr. David Young, who was again in attendance, was further examined.

Discussion followed as to procedure in Committee.

The witness continued his evidence.

Further discussion followed as to procedure.

The witness continued his evidence, and retired.

The Chairman suggested that Mr. W. T. Marlow, of the Canadian Pacific Ocean Services be called as a witness.

Sir Henry Drayton moved that Mr. J. P. Doherty, of the Canadian Government Merchant Marine be called as a witness.

The Chairman, after discussion, gave the following ruling:—

“My ruling would be that the Canadian Government Merchant Marine will not be expected before this Committee to put forward voyage accounts except on the same basis as the other lines are going to give their voyage accounts. . . .”

Mr. W. T. Marlow, who had taken the stand, retired without having been sworn.

Col. William I. Gear, who was again in attendance, was further examined and retired.

Discussion followed as to filing of communications received at last meeting, as exhibits.

The Chairman ordered that the communications referred to above be filed as exhibits and numbered, as follows:—

No. 37. Petition of Montreal Corn Exchange Association, dated March 6, 1925.

No. 38. Petition of the Montreal Board of Trade, dated March 5, 1925.

No. 39. Petition of the Montreal Dairy Produce Exporters' Association, dated April 15, 1925.

No. 40. Resolution of Montreal Produce Merchants' Association, dated April 17, 1925.

No. 41. Resolution of Alberta Live Stock Association, dated April 16, 1925.

The following exhibits were filed with the Committee by Mr. G. H. Montgomery, K.C.

No. 1. Further names of Companies belonging to the North Atlantic Conference.

No. 2. Duplicate copy of exhibit already filed.

No. 3. Duplicate copy of exhibit already filed.

No. 4. Further information *re* Agreement providing for the establishment of the Trans-Atlantic Associated Freight Conference.



No. 5. Included in No. 4.

No. 21. Further Conferences to which members of North Atlantic U.K. Conference belong.

No. 22. List of steamers owned or operated by each line in the North Atlantic Conference showing age, dead weight available for cargo, cubic capacity available for cargo, passenger accommodation. This exhibit ordered to be printed as appendix to proceedings of to-day.

The Committee adjourned at 6.10 o'clock p.m. to meet again at 4.00 o'clock p.m. to-morrow, Thursday, April 23, 1925.

S. R. GORDON,

H. D. DEWAR,

*Clerks to Committee.*

EXHIBIT No. 22

STATEMENT showing Names of Vessels Owned by the Undermentioned Lines in the North Atlantic Conference with Particulars as to Age, Deadweight Available for Cargo, Cubic Capacity Available for Cargo, Passenger Accommodation

Name of Vessel	Age	Deadweight Available for Cargo	Cubic Capacity Available for Cargo	Passenger Accommodation		
				1st	2nd	3rd
<i>Canadian Pacific Steamships Limited—</i>						
<i>Passenger Steamers—</i>						
Empress of Scotland.....		4,750	242,450	455	464	530
Empress of France.....		3,000	187,149	314	250	832
Montlaurier.....		5,758	274,520		536	750
Montcalm.....	1921	5,400	275,259		545	1,252
Montclair.....	1922	5,500	262,450		545	1,252
Montrose.....	1922	5,250	277,631		545	1,252
Mountroyal.....		4,500	212,427		598	634
Melita.....	1918	5,000	286,637		487	1,378
Minnedosa.....	1918	5,000	272,212		487	1,378
Metagama.....	1915	5,501	252,039		522	1,125
Marburn.....	1900	6,406	292,000		241	829
Marloch.....	1904	5,000	182,003		416	566
Marglen.....		6,000	275,000		304	831
Montreal.....	1906	4,217	192,500		249	830
<i>Freight Steamers—</i>						
Bothwell.....	1909	10,030	471,241			
Bosworth.....	1919	9,769	463,722			
Brandon.....	1917	8,598	466,663			
Brecon.....	1918	7,675	421,566			
Bolingbroke.....	1917	7,202	445,480			
Bawtry.....	1917	8,087	395,836			
Balfour.....	1918	7,558	392,752			
Berwyn.....	1912	6,731	334,855			
Borden.....	1906	6,750	375,363			
Batsford.....	1914	7,771	445,314			
<i>White Star-Dominion Line—</i>						
<i>Passenger Steamers—</i>						
Regina.....	1918	6,200	196,000		603	2,096
Doric.....	1923	6,200	230,000		599	1,672
Megantic.....	1909	5,400	230,000		761	1,194
Canada.....	1896	6,100	228,000		462	889
<i>Freight Steamers—</i>						
Welshman.....	1891	5,200	220,000		850	
Cornishman.....	1891	5,200	220,000			850
Turcoman.....	1892	6,300	335,000		606	
Oxonian.....	1898	7,600	330,000		808	
Colonian.....	1892	6,600	290,000		904	
Caledonian.....	1906	5,300	245,000		522	
Michigan.....	1898	10,000	490,000		900	

## EXHIBIT No. 22—Continued.

STATEMENT showing Names of Vessels Owned by the Undermentioned Lines in the North Atlantic Conference with Particulars as to Age, Deadweight Available for Cargo, Cubic Capacity Available for Cargo, Passenger Accommodation.

Steamer	Date Built	D. W. Tons	Cubic Capacity
<i>Furness Withy and Manchester Liner Steamers—</i>			
Manchester Regiment.....	1922	11,572	544,190
Manchester Division.....	1918	9,220	427,214
Manchester Brigade.....	1918	9,220	429,256
Manchester Producer.....	1916	10,020	429,039
Manchester Hero.....	1916	9,150	399,551
Manchester Merchant.....	1904	6,982	301,310
Manchester Mariner.....	1904	6,838	303,461
Manchester Port.....	1904	6,906	333,058
Manchester Shipper.....	1900	6,951	271,630
Manchester Importer.....	1899	6,966	379,031
Manchester Corporation.....	1899	7,848	421,636
Dromore.....	1920	6,308	298,535
Galtymore.....	1919	7,450	365,069
Incemore.....	1921	6,308	298,535
Jessmore.....	1921	6,308	298,535
Rexmore.....	1918	8,604	446,100
Quermore.....	1923	5,887	312,250
Wheatmore.....	1917	8,621	440,528
Valemore.....	1918	8,453	424,650
Appomattox.....	1922	5,858	328,750
Bay Street.....	1919	8,295	390,083
Hoosac.....	1918	8,150	411,910
London Corporation.....	1922	9,675	417,751
Rhode Island.....	1918	9,080	463,000
Savannah.....	1918	8,200	402,594
London Exchange.....	1922	9,708	417,751
Norfolk Range.....	1918	8,100	402,200
Comino.....	1918	7,800	377,396
Ariano.....	1918	7,110	399,418
Cornish Point.....	1914	8,200	444,480
		240,788	11,578,911

Name of Vessel	Age	Deadweight Available for Cargo	Cubic Capacity Available for Cargo	Passenger Accommodation 1st 2nd 3rd		
<i>Cairn Line—</i>						
<i>Freight—</i>						
Cairnross.....	1921	7,900	512,492			
Cairntorr.....	1922	8,000	492,329			
Cairndhu.....	1919	7,400	399,300			
Cairnvalona.....	1918	7,200	472,860			
Cairngowan.....	1919	7,400	399,300			
Cairnmona.....	1918	6,800	436,187			
Cairnavon.....	1920	8,000	493,869			
Scatwell.....	1911	7,500	426,121			
<i>Cunard Line—</i>						
<i>Passenger—</i>						
Andania.....	1922	8,500				
Antonia.....	1922	6,520	385,000	.....	434	1,214
Ausonia.....	1921	7,670	360,000	.....	436	1,118
Ascania.....	1924	7,000	385,000	.....	412	1,202
Aurania.....	1924	6,500	360,000	.....	412	1,204
Lancastria.....	1922	7,000	395,000	.....	581	1,244
<i>Freight—</i>						
Vardulia.....	1917	8,250	460,000			
Valacia.....	1910	9,400	520,000			
Verbania.....	1918	7,200	380,000			
Vasconia.....	1918	8,100	452,000			
Virgilia.....	1918	7,900	460,000			
Vellavia.....	1918	6,700	392,000			
Verentia.....	1918	6,500	382,000			

EXHIBIT No. 22—*Concluded.*

STATEMENT showing Names of Vessels Owned by the Undermentioned Lines in the North Atlantic Conference with Particulars as to Age, Deadweight Available for Cargo, Cubic Capacity Available for Cargo, Passenger Accommodation.

Name of Vessel	Age	Deadweight Available for Cargo	Cubic Capacity Available for Cargo	Passenger Accommodation		
				1st	2nd	3rd
<i>Anchor Donaldson Line—</i>						
<i>Freight—</i>						
Cabotia.....	1918	8,100	G 399,431 B 373,300			
<i>Passenger—</i>						
Cassandra.....	1906	8,516	G 405,700 B 382,700 Ref 4,600	.....	218	710
Saturnia.....	1910	8,250	G 396,500 B 374,000 Ref 5,200	.....	232	750
Athenia.....	1923	9,940	G 492,130 B 468,050 Ref 16,400	.....	516	974
Letitia.....	1924/5	9,950	G 493,000 B 468,000 Ref 17,000	.....	520	1,000
<i>Head Line—</i>						
<i>Freight—</i>						
Dunaff Head.....	1918	7,300				
Melmore Head.....	1918	7,300				
Carrigan Head.....	1901	5,400				
Fanad Head.....	1917	7,300				
Kenbane Head.....	1919	7,300				
Lord Londonderry.....	1902	7,500				
Lord Downshire.....	1900	6,500				
Lord Antrim.....	1902	5,900				
<i>Canada Steamship Lines Ltd.—</i>						
<i>Freight—</i>						
Grey County.....	1907	6,290				
Porsanger.....	1918	6,525				
Lisgar County.....	1907	3,880				
Brant County.....	1915	6,550				
Essex County.....	1915	7,200				
Welland County.....	1904	6,350				
Cederic.....	1911	5,300				
Hastings County.....	1920	7,215				
<i>Donaldson Line—</i>						
<i>Freight—</i>						
Argalia.....	1918	8,250	G 399,431 B 373,300			
Concordia.....	1917	8,550	G 440,726 B 411,894		541 cattle	
Salacia.....	1912	8,525	G 434,376 B 402,200		542 "	
Parentia.....	1917	7,800	G 427,076 B 394,710		495 "	
Kastalia.....	1919	7,800	G 384,590 B 356,102		550 "	
Gracia.....	1921	8,775	G 231,647 B 218,647 Ref 136,340		521 "	
Moveria.....	1924/5	7,255	G 438,740 B 405,120 Ref 172,200		591 "	
Tritonia.....	1918	8,250	G 399,431 B 373,300		nil	

G—grain space. B—bale space. Ref—refrigerator space.



## MINUTES OF PROCEEDINGS

COMMITTEE ROOM 276,  
HOUSE OF COMMONS,  
WEDNESDAY, April 22, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Peterson, K.C.B.E., as set out in said resolution, met to-day at 2.00 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, the meeting will now come to order. Mr. Symington will continue the cross-examination of Mr. David Young, who is a partner of Price Waterhouse & Company, and who prepared certain figures placed before this Committee, and known as Exhibit No. 35.

Mr. SYMINGTON, K.C.: I believe I can be very brief, Mr. Chairman.

DAVID YOUNG recalled.

*By Mr. Symington, K.C.:*

Q. Mr. Young, Exhibit 35 is a compilation made from figures furnished to you?—A. Partly, and partly from figures ascertained by ourselves.

Q. But I am speaking of you personally?—A. Yes.

Q. Have you any of these figures here from which you made the compilation?—A. I have not the original figures, no.

Q. You have no originals, which you can produce at all?—A. No.

Q. You cannot give us the names of the ships now?—A. Yes, I can do that.

Q. You might give us those?

The CHAIRMAN: Those are the names of ships referred to in exhibit 35? Are they the 31 ships or the 51?

The WITNESS: I can give you both, if you like.

Mr. SYMINGTON, K.C.: Give us those for 1923 first; that will be the 31. Do you want them read into the record?

The CHAIRMAN: They had better be read in.

The WITNESS: I have only got one copy of those.

The CHAIRMAN: All right then, read them into the record.

*By Mr. Symington, K.C.:*

Q. Before you read them, is the tonnage shown there?—A. No, just the names of the boats. The names of the ships included in the 1923 statement of earnings and expenses are: Bruton, Bosworth, Balfour, Bawtry, Borden, Batsford, Belton, Bothwell, Brandon, Brecon, Bolingbroke, Manchester Producer, Manchester Corporation, Manchester Regiment, Manchester Shipper, Manchester Brigade, Manchester Division, Manchester Hero, Manchester Exchange, Manchester Importer, Manchester Mariner, Manchester Merchant, Manchester Port, Cairnmona, Cairnvalona, Cairndhu, Cairngowan, Seatwell, Cairnross, Cairnavon, Cairntorr.

Q. For 1924?—A. Brecon, Bosworth, Bawtry, Batsford, Bothwell, Brandon, Bolingbroke, Balfour, Dromore, Galtymore, Incemore, Jessmore, Rexmore, Quernmore, Wheatmore, Valemore, Appomattox, Baystate, Hoosac, London Corporation, Rhode Island, Savannah, Ariano, Comino, Cornish Point, Manchester Hero, Manchester Importer, Manchester Mariner, Manchester Merchant,

Manchester Port, Manchester Producer, Manchester Corporation, Manchester Regiment, Manchester Shipper, Manchester Brigade, Manchester Division, London Exchange, Norfolk Range, Cairnmona, Cairnvalona, Cairndhu, Cairngowan, Cairnross, Cairnavon, Cairntorr, Kastalia, Parthenia, Concordia, Gracia, Lakonia, Cabotia; fifty-one boats.

Q. Can you give us the speed of any of these boats?—A. No.

Q. Can you give the coal consumption of any of them?—A. No.

Q. Can you give us between what points the voyages took place?—A. Not off hand. I can get it for you. In a general way there were voyages on the North Atlantic, Canadian route, between continental points, the United Kingdom and Canadian points.

Q. You cannot give us between what ports these boats ran?—A. Not off hand, no.

Q. You cannot give us the crews, the number or the wages?—A. You mean the wages per voyage or per boat?

Q. The wages per boat per voyage?—A. No.

Q. You cannot give us the running days?—You mean by boats?

Q. By boat, yes.—A. I could not give it to you at the present moment. I could work it for you.

Q. Have you the information here?—A. I can give you the days of the voyage by boats during each year but I would have to compile that from information I have. I have not made the information up in that form.

Q. Have you got it here in Ottawa?—A. I think I have, I couldn't be sure. I have my own working papers.

Q. I want to get them produced?—A. I will leave that over and see if I can get it.

Q. Can you give us the running days?—A. Steaming days or in port?

Q. Yes?—A. No.

Q. You cannot give us the days in port loading or days discharging?—A. No, they are all included in the voyage days.

Q. Have you any details here as to how that is made up?—A. How it is made up?

Q. Exhibit 35?—A. I have my rough working papers including this.

Q. Have you any papers of the steamship companies that you can produce?—A. I have no records of the steamship companies.

Q. Now, turning to exhibit 35 for a moment—I went over these figures with Mr. Young, so it will be very short; I desire it to get on the record—On exhibit 35 in 1923 the number of voyages per year was 4.8, is that right? Voyages per ship per year?—A. Yes.

Q. In 1924 the number of voyages per ship per year was 3.9?—A. You are reading figures I checked with you?

Q. Yes.—A. I did not keep a record of them.

Q. In 1923 for the 31 steamers 365 days would be 11,315 days?—A. Yes.

Q. During which each steamer was sailing?—A. Days in the year?

Q. Yes.—A. Yes.

Q. You took account for 9,242?—A. Yes, days of voyages, yes.

Q. There are unaccounted for 2,073 in 1923?—A. Yes.

Q. In 1924 taking 51 steamers 365 days would be 18,615 days?—A. About that.

Q. You took in account in Exhibit 35, 10,496 days?—A. Yes.

Q. There are unaccounted for 8,119 days?—A. On that basis, yes.

Q. Then taking 1923, the average length of the round voyage given by you in Exhibit 35 is 61.60 days?—A. For 1923, yes.

Q. For 1924 the average length of round voyages is 52.25 days?—A. Yes.

Q. In 1923, the average cost of the steamers which you had taken was \$845,483?—A. Yes. That is the figure I checked with you.

Q. The average cost for 1924, \$968,360?—A. Yes.

Q. Now I took you over some figures with respect to the coal and I asked you to assume 30 steaming days per voyage.

The CHAIRMAN: What did he say as to that?

Mr. SYMINGTON: He could not say whether that was reasonable or unreasonable.

WITNESS: I could not assume anything like that.

*By Mr. Symington:*

Q. You are not a shipping man, you are an Accountant? You could not say whether that was too little or too much?—A. No.

Q. I took that because I had advice from two different sources. That was a very liberal allowance?—A. Any assumption like that Mr. Symington would have to be qualified by the route.

Q. I am speaking of the North Atlantic route?—A. The North Atlantic route includes sailings from the United Kingdom to Canada, Baltimore, Boston and Philadelphia.

Q. I am speaking of the Canadian route?—A. The purely Canadian route. This statement includes all of these voyages, not only Canadian.

Q. It does not include North Atlantic voyages that do not touch other ports?—A. No, they may have touched other ports.

Q. You have 150 voyages in 1923?—A. Yes.

Q. And taking 30 running days, that would be 4,500 days actual steaming?—A. Yes, 4,500.

Q. Your charge for coal is \$1,456,216?—A. That is the charge for fuel, yes.

Q. Which for a steaming day would be \$323.60?—A. I assume there were 30 steaming days always.

Q. The evidence is all on that assumption?—A. Yes.

Q. In 1924, taking 30 steaming days, 201 voyages would be 6,030 steaming days—that is correct?—A. I would get that, yes.

Q. Your fuel charge was \$1,920,767?—A. Yes.

Q. Or a steaming day on that basis \$318?—A. It was \$323 before, was it? And \$318 now.

Q. Do you know any boat that would be typical of the ones from which you have taken this statement?—A. They are the actual boats. Could I pick one out from the trade?

Q. Yes.—A. No.

Q. It has been suggested that the Cairns Line would be a line that would typify?—A. That is a question I cannot answer. It would be a matter of construction and engines and speed and capacity.

Q. I ask you to take a boat which burns about 35 tons a day?—A. Coal?

Q. I ask you to take the coal, at a cost of 25 shillings a ton, Mr. Young?—A. Suppose we take it at \$5. I have got out of the way of working in shillings—take \$6.

The CHAIRMAN: \$5 is nearer.

*By Mr. Symington:*

Q. We worked it out in shillings?—A. The price in Montreal is \$6.95.

Q. The price on the other side according to the figures I have is 25 shillings?—A. We will work in shillings then.

Q. 35 tons at 25 shillings would be 875 shillings, Mr. Young, or roughly speaking, some \$220 odd?—A. Say \$220.

Q. For 1924 if you take 6,030 days at \$220 a day your coal would be \$1,326,600?—A. Yes, on that basis.

Q. You have a charge of \$1,920,000 odd in 1924?—A. That is the amount I have shown as being charged.

[Mr. David Young.]



Q. On your Exhibit 35?—A. It shows the actual expense for coal was that much.

Q. Making a difference of \$594,167?—A. Yes.

Q. Take 6,030 days, steaming days, 4,466 other days which would be spent in port, that would be so—on the assumption of 6,030 running days?—A. Yes.

Mr. MONTGOMERY, K.C.: It is just arithmetic.

Mr. SYMINGTON, K.C.: I want to get it on the record.

Q. Now, Mr. Young, look at Exhibit 35 on the item of expense, 1924, shows a decrease in every item except General and Management Expenses?—A. No, fuel is up. You mean per voyage?

Q. Per voyage?—A. Yes.

Q. As an Accountant does that indicate the operating costs were less in 1924 than 1923?—A. Pardon?

Q. Does that indicate that operating expenses in 1924 were less than in 1923?—A. Well, that is hard to answer in that way. It indicates that the amount shown as the amount of expense, classified, shown as General Management in 1923 is less than the amount similarly classified in 1924.

Q. It is not an answer, I do not think. I am trying to find out what Exhibit 35 will show. Does it show the Operating Costs were less in 1924 than in 1923?—A. Do you mean the total Operating Costs? What are you talking about, the \$41,000 figure?

Q. Naturally 51 boats would cost more to operate than 31?—A. Yes.

Q. But your statement, Exhibit 35, shows per voyage operating expenses were away down, at least lower?—A. I want to find out whether you are talking about the total or general expense.

Q. I am speaking of the statement, what it shows?—A. It shows \$41,609 per voyage in 1924 is less than the amount in 1923.

Q. Then from your statement there was a difference in the costs showing they were less in 1924 than 1923?—A. It would indicate the operating costs per voyage were less in 1924 than 1923.

Q. Does that indicate the operating costs were less?—A. Not necessarily.

Mr. MONTGOMERY, K.C.: Why not ask for an explanation of the cost per diem. There ought to be an explanation of that.

*By Mr. Symington, K.C.:*

Q. On the other hand the per diem expense was more in 1924 than in 1923 according to your Exhibit?—A. Yes.

The CHAIRMAN: Because the ships were not making the trips apparently.

*By Mr. Symington, K.C.:*

Q. Can you explain to the Committee how the costs per voyage were less and the costs per diem more in 1924?—A. The costs per voyage in 1924 were less than in 1923 because of the number of days per voyage were less also.

Q. Quite so.—A. The boats were turned around more quickly.

Q. The boats were operated more expeditiously?—A. The ships were operated more expeditiously for some reason or other. I believe one contributing factor to that was the improved loading and discharging facilities at some of the ports of call.

Q. That is what you have been told?—A. I am informed that that is so.

Q. That is one of the things we want from you, these times in port loading and discharging in the two years, and you can realize why we should have it, can you not?—A. I do not think it is necessary, for the purposes of the statement.

Q. Just along that line, in 1923, 31 steamers worked 9,242 days?—A. Yes.

[Mr. David Young.]

Q. So that the average one steamer worked would be 298 days?—A. If you take it that way, yes.

Q. This is an average statement (Exhibit 35) you have told us?—A. No, it is not an average statement at all.

Q. But it is an average of a number of boats?—A. I do not know if the Committee really understand why this statement is presented. It is not presented by me or my firm for the purpose of trying to build up a case for the steamship men at all; it was made up and presented for the purpose of showing to the members of the Committee in as concise and clear a manner as possible, from information available at the time and at our disposal, what the actual results of actual voyages of actual ships in those two years on that particular route had been.

Q. And all ships were thrown into the general statements?—A. All the ships we were able to get.

Q. All right; let us get along and save time. 31 ships in 1923 worked 9,242 days?—A. Yes.

Q. So that the average steamer worked, under this statement 298 days in 1923?—A. On that basis, yes.

Q. And the loss per steamer was \$14,488?—A. Before depreciation?

Q. Yes, before depreciation, merely a straight operating loss.—A. Yes. That is shown here.

Q. And in 1924, 51 steamers worked 10,496 days.—A. Yes. They operated that number of days.

Q. So that one steamer operated 206 days?—A. Yes.

Q. As opposed to 298 days in 1923?—A. Yes.

Q. And that year, operating a less number of days, the net earnings per steamer were \$6,569?—A. That is, dividing \$335,000 by that figure.

Q. So that, looking at your exhibit No. 35, in 1923 a steamer worked 298 days and lost \$14,000 odd, and in 1924 it worked 206 days, or 92 days less, and earned a profit of \$6,569—I am speaking of operating profit?—A. Yes.

Q. Looking at exhibit 35, that difference between a loss of \$449,000 in 1923 and a net earning of \$335,000 profit in 1924 is made up predominantly by a reduction in expense?—A. Well, let us take it in another way.

Q. Can you answer that question?—A. A reduction in expense? As a matter of fact the expenses of operating the boats have been increased; they have gone up. Taking it per voyage, the greatest main contributing factor is that the expenses are down per voyage.

Q. Quite so, and that is what counts, is it not, the earnings and expenses per voyage?—A. The earnings and expenses per voyage and the number of voyages.

Q. So that the difference between \$449,000 loss and \$335,000 profit, according to your exhibit No. 35, is entirely attributable to the number of voyages which the boats made, which reduced their expenses?—A. No. I can hardly say that.

Q. Well, what would you say; we want to get it clear?—A. I might say—it is a hard thing to put it in that kind of language.

Hon. Mr. STEVENS: I would like to understand more clearly, Mr. Symington. I may be reasoning this from a wrong angle. You mentioned the discrepancy between the number of operating days the first year, 298, and then 201 or 200 odd.

Mr. SYMINGTON, K.C.: That is the days the steamer worked. The steamers worked less per voyage in 1924 than 1923, therefore they made it quicker.

Hon. Mr. STEVENS: Can this be made clear, because I want to understand it, if I may. The days they were not being operated are not included in this

[Mr. David Young.]

statement. It does not matter whether a steamer worked 60 days or 300 days.

Mr. SYMINGTON, K.C.: But if she is working she is burning coal.

Hon. Mr. STEVENS: A ship may only have made one voyage, occupying say fifty days or sixty-five days, then the 300 days would not appear in this statement.

Mr. SYMINGTON, K.C.: I understand the statement he made was that if a steamer did not lie in port thirty days he counted her off, if over thirty days, he deducted that time.

Hon. Mr. STEVENS: I do not want to interrupt, but I think it is important, and I think we ought to understand upon what basis we are reasoning. If a ship operates on an average 298 days—

Mr. SYMINGTON, K.C.: The average voyage was 54 days.

Hon. Mr. STEVENS: I am giving the total number of days. It does not matter what the ship was doing the other days, and it does not matter whether the voyage was 298 days and the next year 201.

Mr. SYMINGTON, K.C.: If she was working 206 days, she was working and making the same amount of money she did in the 298 days; in the other it makes a very complete and total difference in her operating cost.

Hon. Mr. STEVENS: True enough, but are not these actual voyages and actual costs? We are going so much on assumption that I am getting all at sea.

Mr. SYMINGTON, K.C.: Well, I am almost through. I am going to suggest to the Committee that this means nothing and that we must have the voyage accounts. That is what I am going to suggest when the time comes.

Hon. Mr. STEVENS: It does not convey any definite information to me when you assume 31 steaming days here and something else there. We are all at sea, we cannot base anything on it.

Mr. SYMINGTON, K.C.: If I cannot get the information in any other way, I will have to produce experts to show that that is a very liberal allowance.

Hon. Mr. STEVENS: But you have not contradicted what he says.

Mr. SYMINGTON, K.C.: I am not contradicting anything. I have not asked a word of contradiction about this statement. I could not do so. Mr. Young is a perfectly reliable man.

Hon. Mr. STEVENS: If you do not think it is a reasonable statement, why do you not produce someone who has the actual facts of actual voyages to disprove it?

Mr. SYMINGTON, K.C.: When the time comes I will do that, without any hesitation.

*By Mr. Symington, K.C.:*

Q. Now, Mr. Young, looking again at Exhibit No. 35, General and Management Expenses per Voyage, would you just let us know what they increased in 1924 over 1923, being the only increase in your Voyage Account? I figure it out at something over 45 per cent, or roughly 45 per cent.—A. The General and Management Expenses increased between 1923 and 1924 by \$828 per voyage, which is—

Hon. Mr. STEVENS: One is six per cent and the other four per cent.

*By the Chairman:*

Q. An increase of fifty per cent?—A. About 44 or 45 per cent.

Mr. MONTGOMERY, K.C.: What per cent is that to the freight earnings?

The CHAIRMAN: That is another question.

[Mr. David Young.]



Mr. SYMINGTON, K.C.: Yes, sir that is another question.

*By Mr. Symington, K.C.:*

Q. Can you explain or have you anything to say by way of explanation as to the increase in that one thing only; have you any explanation of how that increase arose?—A. Yes.

Q. Let me take all the figures along that line. There is an increase in the General and Management Expenses between these two years of \$258,000 in the aggregate, \$828 in the average per voyage, and \$21.11 in the average per day?—A. As to the increase in the actual amounts, the increase between \$270,000 and \$528,000, there was an actual increase in the expenses in 1924 as compared with 1923, actual expenditures, the main part of which increase was due to the inclusion in 1924 of the voyages of certain lines which were not included in 1923, as I explained yesterday. That was brought about naturally by having a larger number of boats, a larger number of lines operating, it brought the actual amount of expenses up; they had to spend more money. Coming along to the increase in the averages, the average per voyage, and the average per day, I explained that substantially at first, that that same increase in the actual amount of money spent by reason of the additional lines being brought in, also to this, that the number of voyages and the number of voyage days fell off roughly fifty per cent in 1924 as compared with 1923 in the case of one of the lines, and that had the effect of showing an important increase in the averages.

Q. So that when we get the individual line, the answer would be plain?—A. I suppose so.

The CHAIRMAN: Does any member of the Committee desire to ask Mr. Young any questions?

Hon. Mr. STEVENS: I would like to ask one question arising out of the last few questions.

*By Hon. Mr. Stevens:*

Q. Take the General and Management Expenses; assuming a vessel, on the reasoning we were discussing a moment ago, made one trip of 65 days, we will assume, as Mr. Symington has been doing, and then was laid up, the General and Management Expenses would be for that one trip very much higher, would they not, than if the vessel were running for three or four trips?—A. If those were all the assumptions you mentioned, and if that was the only ship owned by that line, and she only made one voyage of 65 days in the year, she would naturally have the whole Management and General Expenses of the organization charged against that one voyage.

Q. In other words, the General and Management Expenses are more or less a fixed charge, whether a vessel is operating or not?—A. They are more or less a fixed charge, yes. The charge is of a fixed nature; it is not fixed in amount, but the nature of it is fixed.

Mr. SYMINGTON, K.C.: I suppose, Mr. Stevens, it indicates that the boat cannot make any money unless it runs.

Hon. Mr. STEVENS: The insurance would not be carried through beyond a certain amount; there would be a partial rebate coming, but in this there would not be.

*By Sir Henry Drayton:*

Q. Did you go over the accounts at all of the Canadian Merchant Marine, Mr. Young?—A. No sir.

Q. I have been looking over the concrete evidence of the Canadian Merchant Marine last year, and I notice that the expenses per voyage there as against

[Mr. David Young.]

the forty-three here or forty-two range—take Number 15, a freight carrier, \$33,175, another one of \$33,814, running up as high as voyage 13; I have not had time to finish it, but they run as high as \$39,516. Where none of those papers supplied you at all?—A. No sir.

*By Mr. Symington, K.C.:*

Q. You took your instructions from whom?—A. From the Committee of steamship owners.

Q. Who were in the Conference?—A. I presume so. I don't know.

The CHAIRMAN: Has any other member of the Committee any questions to put to Mr. Young?

*By Mr. Duff:*

Q. In Exhibit No. 35 you have the voyages of three different lines of ships?—A. Yes.

Q. For instance, you have taken eight steamers from the Cambrian Line, 12 from another line and 11 from another?—A. In 1923, do mean?

Q. Yes.—A. Yes, sir.

Q. Can it be argued that the line might have made money and the other lines have lost money on those voyages?—A. That might be argued.

Q. Why did you not take each line and each ship separately?—A. I explained at the beginning of my evidence yesterday that there is a certain amount of diffidence among the various members of this Conference, that they were rather nervous about having information about their own lines being open to other members of the Conference, and our instructions were to keep all information of any line confidential as between lines.

Q. But it seems to me that the Committee should have evidence to show whether they all lost money, or whether only one, two or three, lost money?—A. I am afraid I could not do that without a breach of confidence to our clients.

Q. In other words, the Exhibit is no good?—A. I cannot agree with you.

Q. I am sorry, but that is the fact.—A. It took a long time to prepare it.

Q. We certainly should know; for instance, there is a loss here and a loss there, and we should know what it means.—A. This statement does not pretend to show the operations of any particular owner or steamship line; it is representative of the operations of an industry.

Mr. SYMINGTON, K. C.: Without the Cunard and White Star.

The WITNESS: Which comprises a very small portion of the industry.

*By Mr. Duff:*

Q. Do these three steamship lines each pay their loss according to the number of steamers in each line? That is, this \$8,000,000 loss in 1923 and \$4,000,000 in 1924? Who paid that loss?—A. Which loss are you referring to.

Q. I see in 1923 they lost \$8,000,000.—A. No, \$8,000.

Mr. SYMINGTON, K.C.: \$1,000,000 after depreciation.

*By Mr. Duff:*

Q. Yes, \$1,316,000, and in 1924 \$830,000. Now, did the lines divide that up, or what?—A. No, naturally not. Whoever are the owners of any particular ship that earns a profit, naturally retain that profit. Whoever are the owners of any particular ship that sustains a loss, they have to make good that loss, the same as any other man in business.

Q. Do you expect the shippers of goods to pay the losses of any of these lines because, on account of bad management, or on account of something

[Mr. David Young.]

happening during the voyages, these losses were sustained?—A. I do not expect anything like that at all.

Q. Then your statement, as I say again, is not what the committee wants. What we would like to know is whether the steamers on these voyages made losses or profits.—A. The committee did not express any opinion to me of what they wanted.

The CHAIRMAN: Perhaps I might interject a statement to the effect that this Exhibit 35 was not prepared under instructions received from this committee, but under instructions received by Price, Waterhouse & Co., from a committee of steamship men in Montreal.

Mr. MONTGOMERY, K.C.: It is simply a consolidation of the earnings, and the understanding was, when it was put in, that the details of that were to be rendered later. We were discussing some arrangement by which the details would be rendered available for check. The mechanics of the thing we had not settled at the adjournment last night, and I do not know yet whether or not any proceeding has been taken in that direction, but we are working that out, so we will have before you any information you may want.

Mr. DUFF: It seems, then, that we are wasting time in dealing with this Exhibit.

Mr. MONTGOMERY, K. C.: That gives you, as the witness has said, the results of everybody operating in this trade, consolidated, with the exception of two lines, the Cunard and White Star Dominion. They had eleven boats, and, in other words we had sixty, including the Head line which was not grouped in, but for which we had the figures. We have already sixty out of seventy-one.

The WITNESS: Sixty out of seventy-three for 1924.

Mr. DUFF: That is the individual steamers?

Mr. MONTGOMERY, K.C.: Yes, sixty out of seventy-three.

Mr. MONTGOMERY, K. C.: As has been stated, there are reasons why the detailed voyage accounts cannot be made public, and we were just discussing a means by which the committee could get the information desired without any unfairness to the ships, and I hope we will have something worked out on that line shortly.

The CHAIRMAN: As Mr. Montgomery said, we are trying to work out machinery for getting that information before the committee, without disclosing one man's business to a competitor.

Hon. Mr. STEVENS: What I would like to get an idea of, Mr. Chairman, is just what we are driving at; what have we before the committee that we are seeking to unfold?

The CHAIRMAN: I think the steamship companies are seeking to unfold a condition of non-profit production in their industry. At the present moment I think that is what they are trying to unfold.

Hon. Mr. STEVENS: I know that appears in this statement, of course, but what I mean, Mr. Chairman, is this. The committee must have some policy, some objective, something they desire to attain. Now, where are we driving, what are we driving at?

The CHAIRMAN: We are driving at this: we are taking for granted that there is a certain amount of rate fixing between the liners engaged in the North Atlantic trade.

Hon. Mr. STEVENS: We know that.

The CHAIRMAN: We know that; we took that as a basis for our proceeding. Now, we say to these gentlemen, "that being admitted, we feel it is for you to justify the charges that you are making on the Canadian people for

[Mr. David Young.]



transportation services, which you are rendering to them," and the gentlemen, with more or less alacrity—perhaps rather less than more—assumed the burden, placed expert gentlemen of shipping experience and actuarial experts in the box for the purpose of justifying their charges. I see Mr. Montgomery shaking his head in a negative fashion, but that is what I gathered we were doing.

*By Mr. Duff:*

Q. In making up these statements, did you go over the books of the different lines? How, for instance, did you arrive at the cost of port charges; how did you get that?—A. I explained yesterday how we had built up this statement. These various items are the actual expenses of these natures, which are shown by the records of the individual companies owning these boats.

Q. You just took the figures supplied you by the different lines?—A. After satisfactorily satisfying myself that they were correct.

Q. How did you do that?—A. In some cases by actually auditing or examining the voyage accounts; in other cases by having our London office make an audit of the voyage accounts.

Q. How long did your people take in getting this information?—A. I think we started that about a month ago, was it not, Mr. Montgomery? About a month ago, I think.

Q. It would be pretty hard to get all this information and go over all these accounts for two years; in a month?—A. Yes.

Q. I think you will admit that all you did was take the figures supplied you by the different companies?—A. No, I will not admit that. I took the figures that were supplied by the—the figures are naturally those supplied by the individual companies, but I did not take them with my eyes shut.

Q. But you did not take them in the way a regular audit is conducted? Did you go into every individual voyage and every individual steamer and get these results, or did you take the figures supplied by the different companies?—A. The figures supplied by the companies, substantiated by actual auditing, in some cases by our own firm, in some cases by firms of Chartered Accountants of international reputation in Glasgow, and in other cases by myself. I am perfectly willing to subscribe to that statement, as I said yesterday.

Q. That is actual earnings and actual expenses?—A. Yes.

Q. The actual freight earnings and the actual operating expenses?—A. In respect of these voyages, yes.

Q. How did you figure up your items for profit or loss before making provision for lay-ups? How did you make that up?—A. By taking \$6,360,000 of earnings, from \$6,809,000 of expenses, we arrived at a figure of a loss of \$449,000. It is just an arithmetical deduction.

Q. That depreciation of \$860,000; how did you make that up?—A. It is in the records yesterday.

THE CHAIRMAN: Mr. Duff was not here yesterday. You might go ahead and explain.

THE WITNESS The depreciation shown on this statement is calculated at the rate of four per cent per annum on the original cost of each steamer, calculated for the actual number of days in each voyage, the days operated in each voyage. In other words, if a steamer was operated for 200 days in one year, she was charged with 200/365ths of one year's depreciation at four per cent of the original cost. We took that basis of four per cent of the original cost, because that is the basis adopted by the British Inland Revenue, in their income tax department in London, in connection with steamship companies.

Q. And that totalled \$866,000?—A. For 1923, yes.

[Mr. David Young.]

Q. What about the expenses, wages and port charges, for instance, during the lay-up days, when the steamers are laying in port, and which are not included in the voyages?—A. Any expenses for any lay-up of over one month are not in this statement at all. That is what I say, that is before providing for these expenses.

Q. Should that not be in? A. It would merely increase the loss.

Q. We want the exact loss or profit, as the case may be. It is not a correct statement, then, of the actual loss or profit made during the year, is it?—A. It is a correct statement up to that point; it is what it says.

Q. You do not include any expenses for over thirty days lay-up?—A. We do not say that; we say we have left them out.

Q. But you should include them, the Captain and the officers are being paid, and the engineers; should that not be included in their total expenses?—A. It might be included, but I do not think the statement is spoiled by its exclusion.

Q. Not when you show a loss, no; it makes your loss less to leave it out—A. I did not quite get that.

Q. Then it does not show your actual loss, if you have left out all the expenses after thirty days. If a ship was laid up 45 days it means that 15 days' loss was not included in this item of \$1,600,000?—A. The largest part of expenses during the lay-up period is depreciation.

Q. Not at all. It does not depreciate very much when it is laid up?—A. I am told by ship-owners that it does depreciate when it is laid up. Of course, I am not an expert shipowner.

Mr. DUFF: It seems to me you miss something here that is very vital here to this whole statement.

The CHAIRMAN: What is your opinion of Mr. Duff's observation?

The WITNESS: That the lay-up expense is not included?

*By Mr. Duff:*

Q. Yes?—A. I don't think it makes any material difference in the value of this statement at all.

Q. But it does not show the actual state of affairs?—A. These figures show exactly what they are represented to be, and they are described very minutely by "Profit or Loss Before Charging Depreciation and Making Provision for Extended Lay-ups."

Mr. DUFF: But if the lay-up is more than 30 days—

Mr. MONTGOMERY, K.C.: The lay-up extended over 30 days.

The CHAIRMAN: That is what Mr. Duff says.

Mr. DUFF: It is not a correct and definite statement of the actual earnings.

Mr. MONTGOMERY, K.C.: It is correct for what it shows.

Mr. DUFF: It may not show anything. It may as well be a blank sheet of paper. It does not show the operating expenses for the whole year.

Mr. MONTGOMERY, K.C.: It is correct for what it shows. He is careful to point that out in both notes. You will find a similar note down below, which calls your attention to that.

Mr. DUFF: I do not think you should object to what I am trying to get from the witness.

Mr. MONTGOMERY, K.C.: No, I think you are right.

The CHAIRMAN: Does anybody else wish to address the Chair?

[Mr. David Young.]

*By Mr. Montgomery, K.C.:*

Q. I am instructed and I might say that you are at liberty to state, Mr. Young, that every line made a loss in 1923. You are at liberty to answer that question.—A. I have my papers kind of mixed up. I will find that in a minute. For 1923?

Q. Yes.—A. For 1923 each of the three lines embodied in this statement, Exhibit 35, operating thirty-one boats, made losses before charging depreciation.

Q. Of course made bigger losses after depreciation? Whether before or after, they made losses?—A. Yes.

*By the Chairman:*

Q. What about 1924?

*By Mr. Montgomery, K.C.:*

Q. In 1924, the Chairman asks.

*By Mr. Rinfret:*

Q. May I ask on what the witness relies for that statement?—A. On the same information that I made the statement, Exhibit 35, from and substantiated by myself and my firm.

*By Mr. Montgomery, K.C.:*

Q. It was just to clear up the one point. The amount of the losses would vary as between companies?—A. Yes, they are not constant.

Q. And in 1924?—A. In 1924 we had more groups. One company—

Q. Is there any single company that made a profit after depreciation?—A. After charging depreciation, no.

Q. Before charging depreciation?—A. Before charging depreciation one of the companies showed a loss, the others showed profits.

Q. Small profits. That is only in the general result as you have it here in Exhibit 35.—A. These figures are the ones I am mentioning now.

Q. The individual lines worked out in accordance with the general lines as shown here?—A. Yes.

Q. You were asked the question, to make a number of assumptions such as voyages per year, twenty-three in one year being 4.8.

Mr. SYMINGTON, K.C.: Those were not assumptions.

Mr. MONTGOMERY, K.C.: Yes, they are.

*By Mr. Montgomery, K.C.:*

Q. Do those several assumptions you were asked to make mean anything in connection with the figures?—A. They are purely arithmetical calculations.

Mr. SYMINGTON, K.C.: But not arithmetical assumptions.

Mr. DUFF: That bears out what I said.

*By Mr. Duff:*

Q. Mr. Young, are these three lines freight lines or freight and passenger?—A. 1923?

Q. Both.—A. Every boat taken into consideration in this statement is a cargo boat.

Q. A cargo liner?—A. A cargo liner.

Q. Not a passenger?—A. Not a tramp either.

Q. Any passenger? They are sort of mixed.—A. Cargo boat. There are no passenger boat's figures reflected here at all.

Q. General cargo boats?—A. Yes.

[Mr. David Young.]



Q. Why did you not make up a statement for the passenger loss, the passenger and cargo?—A. I did not think it was required.

Q. That is what we asked you for?—A. You did not ask me for anything. One reason why a similar statement was not made up for passenger steamers was that in the first place, take 1923, all the passenger steamers which we could have included belonged to one particular line. For 1924, that was practically the same case, but with the exception of about three or four additional passenger steamers. The main difficulty in presenting a statement like that would be that the earnings would consist of so much from passenger revenue and so much from freight revenue and the expenses would be combined, the expense of operating that voyage. It would be impossible to show how much of the expense belonged against freight revenue and how much expense against passenger revenue and therefore, any conclusion shown by such a statement would not be conclusive. It would be difficult to apportion the loss, whether it was attributable to passenger or freight or partly to one or the other.

Q. That applies to this statement?—A. No, this statement is cargo.

Q. In the general management expense I presume that these lines had passenger boats as well as cargo boats?—A. Some of them have.

Q. How do you arrive at the amount?—A. In the case of the amounts, the amount charged to the cargo, for the freight service, is very small, compared to the amount charged for the passenger service, for general management. In a line I have in mind 10 per cent of General expense is apportioned Cargo Boats.

Q. Did you make this statement or did the book-keepers or auditors?—A. Made, I think, by the book-keepers or accountants of the line and verified by us.

Q. That is, \$270,000 is only a proportion?—A. Part of that \$270,000 belonged to this particular line. It is part of the general expenses of the particular line and a small part of the amount shown as general expense in this statement and that amount is an amount fairly chargeable against the operations of freight boats alone.

Mr. MONTGOMERY, K.C.: I would like to let the Committee know we are anxious to give them all the information we can get and also put it at the disposition of my friend.

Hon. Mr. SINCLAIR: It seems there is only one way to arrive at anything and that is to get definite information from the different lines.

Mr. MONTGOMERY, K.C.: We have some information to put in, one or two things that were left out of the Questionnaire in the first instance.

The CHAIRMAN: Should we discharge Mr. Young?

Hon. Mr. SINCLAIR: He can always come back from Montreal.

(Witness retires.)

The CHAIRMAN: You have some other exhibits to put in, Mr. Montgomery?

Hon. Mr. SINCLAIR: Do the steamship companies object to giving information?

The CHAIRMAN: Except in camera. They do not want to give it in public.

Mr. MONTGOMERY, K.C.: As regards questions 1, 2 and 3, names of the companies, names of officers and names of their representatives in Canada, I can now substitute an exhibit which is complete as to all the information. There were one or two missing at the time we filed the first one.

As to questions 4 and 5 I informed my learned friend my instructions were there was no such an agreement and there were no written rules or regulations and that at the time all these various agreements were filed in Washington and

[Mr. David Young.]

they are all to be found on record there. A statement was filed in lieu of the agreements, and I promised to procure and put in a copy of the actual statement that was filed at Washington." I now have it and produce it.

As to 14 and 15 which is correspondence, I do not know whether my friend wishes to put that in to the record *holus bolus*. There is a tremendous amount. I think we could probably go over it and agree on anything that should go in. I have the correspondence here and you can go over it.

Sir HENRY DRAYTON: Correspondence about what?

Mr. MONTGOMERY, K.C.: Question 14 called for correspondence between Canadian members and 15 called for correspondence and telegrams—

Sir HENRY DRAYTON: I think that had better stand for action between you and Mr. Symington.

Mr. MONTGOMERY, K.C.: My friend asked for the names of any other conferences to which any member of any North American conference belonged. We have that compiled for him.

22—list of boats operated, and so on, with the agents, which I file with the exception of the write-offs from the original cost which will be taken off later on. It gives you all the information you are asking for and the year when filed, and so on.

Mr. SYMINGTON, K. C.: Question 22 is complete except with respect to original cost, depreciation and present value.

Mr. MONTGOMERY, K.C.: I think that covers pretty nearly everything.

The CHAIRMAN: Mr. Symington, the Honourable Mr. Sinclair asks me whether the list of boats owned or operated by each of the conferences was dead weight available for carrying and whether it should not be published. We would not want to have it read. But he is inquiring as to whether it should not be put in as an exhibit.

Mr. SYMINGTON, K.C.: Read into the record?

The CHAIRMAN: Yes.

Mr. SYMINGTON, K.C.: It is put in as an exhibit.

Hon. Mr. STEVENS: Why not put it all in?

The CHAIRMAN: I would like to have Counsel's views. What is your feeling, Mr. Sinclair?

Hon Mr. SINCLAIR: Do you think that is useful?

Mr. SYMINGTON, K. C.: I have not considered it.

The CHAIRMAN: I will order that printed.

EXHIBIT No. 22: List of Boats, etc., printed as appendix

The CHAIRMAN: Now gentlemen has everything been produced?

Mr. SYMINGTON, K. C.: That is all my friend says he has.

Mr. MONTGOMERY, K. C.: I think that is all that is called for.

The CHAIRMAN: How can we usefully proceed? Mr. Montgomery, have we a witness we can proceed with now?

Mr. MONTGOMERY, K.C.: I think this is about as far as we can go, Mr. Chairman. We have been asked to file all this information, and we have done our best to comply with it. At your request we produced Mr. Cleminson, and I am quite at a loss to know what further we can do.

Mr. SYMINGTON, K.C.: I can quite easily suggest to my learned friend what he can do. He has Mr. Marlow, and he has other people here who know of the workings of this Conference; he can go to work and tell the committee exactly what the Conference does and how it does it.

Mr. MONTGOMERY, K.C.: Well, you have Mr. Doherty here.

Mr. RINFRET: I understood several times during the evidence of Mr. Young that people would come up here and answer questions he could not answer.

Mr. MONTGOMERY, K.C.: On anything in particular, Mr. Rinfret?

Mr. RINFRET: I thought so.

The CHAIRMAN: Mr. Symington, did you make any note of certain matters which Mr. Young did not think himself quite competent to give evidence upon?

Mr. SYMINGTON: Yes, Mr. Chairman; he said that certain representatives were here from England who had furnished him with this material or would furnish it.

Mr. MONTGOMERY, K.C.: That material will be given access to, I hope, and that of course will speak better than anything else can. The figures will be right there, and you will have them.

The CHAIRMAN: What do you think if we should take Mr. Marlow, of the C.P.R., and ask him how it works out in Montreal?

*By Mr. Duff:*

Q. Mr. Young, how did you make up this amount for depreciation of so much per ton per ship; how did you figure it out at the time?—A. The amount of \$866,000 shown as depreciation in the year 1923 is calculated at the rate of four per cent per annum on the original cost of each steamer, for the number of days operated.

Q. How did you check up that original cost?—A. The original cost is a matter of record.

Q. I beg your pardon.—A. It is a matter of record.

Q. But how is the cost figured, how much per ton?—A. It is not figured on per ton, it is the actual cost of building the steamers.

Q. I want to try and get at how you calculated it. There are 31 steamers in 1923, and there is a depreciation of \$866,000; what is that per ton?—A. I don't know.

Q. I mean for those 31 steamers?—A. I don't know how much that is per ton.

Q. You do not know that?—A. No, sir, the depreciation is not calculable per ton.

Q. Why not?—A. Because it is an actual charge based on the cost of the assets.

Q. Precisely, but is not the cost based on the tonnage of each ship?—A. I don't know; I never bought a ship.

Q. But you are giving us figures in regard to ships, and as an auditor you should have that information?—A. The figures are there for the cost of the ships; it is the total of the various amounts paid for each of these 31 ships.

Q. I admit that, but what I am trying to find out is whether four per cent is at \$250 a ton or \$50 a ton?—A. No, it is four per cent of the actual cost.

Q. What I am trying to arrive at is, how much these ships would average per ton?—A. I could not say.

Q. We ought to have that information, because this statement is not sufficient for our purposes; it should be shown how that amount of \$866,000 is made up at four per cent?—A. It is made up at four per cent on the cost; that amount is not based on tonnage at all. It may have some relation to tonnage, but I do not know just what the relation would be.

Q. What I would like to know is, how much are these ships put on the books as to value, because you arrive at that four per cent depreciation on value?—A. We had the cost per ship, not the value per ton.

The CHAIRMAN: It would be a question of arithmetic but outside of what the depreciation would be over, you had the cost of the ship at so much per ton, if you buy a 1,000-ton ship and pay \$1,000,000 or \$100,000 for it, you

[Mr. David Young.]



divide the tonnage into the price and get the price per ton?—A. That is what gives you the price per ton; whatever price per ton you are using; if it is dead-weight ton, it would give you the cost in per deadweight tons of that particular boat.

*By Mr. Duff:*

Q. What I am trying to find out is, whether this depreciation is excessive or otherwise, according to the value per ton of these ships?—A. I have told you how it is made up.

Mr. SYMINGTON, K.C.: We will have to get the tonnage of everything, I suppose?

Mr. DUFF: Absolutely.

Mr. SYMINGTON, K.C.: Some may have been retired at 25 years old and have no depreciation.

*By Sir Eugene Fiset:*

Q. You have not that information yet?—A. No sir.

Sir HENRY DRAYTON: You gave a direction, Mr. Chairman last time we met, that the officials of the Canadian Merchant Marine were to be here. Mr. Doherty is here, and I want to call him in connection with matters that are already worked out and are ready for this Committee, and I move that he be called as a witness.

The CHAIRMAN: I asked that Mr. Marlow should be the next witness, and Sir Henry Drayton moves that Mr. Doherty be the next witness. I do not know whether I should put it to the Committee whether they shall follow my desires or the desires of Sir Henry Drayton.....

Sir HENRY DRAYTON: Before giving way, I would like to have some chance of knowing whether we are going to get down to brass tacks by calling Mr. Doherty.

The CHAIRMAN: It is quite proper and fitting that the Canadian Government Merchant Marine's Voyage Accounts should be produced before this Committee.

Sir HENRY DRAYTON: I am not even asking for that, Mr. Chairman. I am taking the public figures which they thought they could make public without injury to their business. Sir Henry Thornton is always careful and properly so, not to give details which will injure his business. But here we have the definite figures without the Voyage Accounts, and I am assuming that they are telling the truth and that they are already published.

Hon. Mr. STEVENS: They are already published.

The CHAIRMAN: They are published, and we have them in the record of the findings of the Select Committee on Railways and Shipping.

Sir HENRY DRAYTON: If the Committee is content to take that, I am satisfied.

The CHAIRMAN: I am willing that Mr. Doherty should be examined on these figures. I think the other Committee is meeting to-morrow also, and if Sir Henry and the Committee desire, I will ask Mr. Doherty to be in attendance before us to-morrow.

Mr. SYMINGTON, K.C.: The Secretary, under instructions, wrote last night for certain Voyage Accounts, as I understood the instructions of the Committee.

The CHAIRMAN: That is quite right.

Mr. SYMINGTON, K.C.: They did not get the letter, as they were in the Railway Committee this morning. I saw them at noon, and I understood that they were going back to Montreal because of that letter, in order to prepare the information which was asked for.

[Mr. David Young.]

Sir HENRY DRAYTON: I did not hear the letter read, or hear it dictated.

Mr. SYMINGTON, K.C.: And I did not hear it.

Sir HENRY DRAYTON: Probably the Committee has its drawbacks; but we have Counsel here representing the Government. I take this position, Mr. Chairman. Mr. Symington is here representing the Government; he said so himself. I do not want to do anything in the world which is going to expose the Canadian Merchant Marine to giving particulars of their business which might in the slightest degree hurt them from a competitive standpoint; all I want to do is to discuss with them and ascertain, if I can, the truth of the figures which have already been made public, and I should have thought that was a reasonable and a proper thing to do.

The CHAIRMAN: I think it is, and I am going to ask them to be here for the purpose of being examined on these accounts which have already been produced.

Sir HENRY DRAYTON: I do not want to have it said that I demanded something from the Canadian Merchant Marine or the Government Counsel or anybody else which would not be fair from a competitive standpoint.

The CHAIRMAN: My ruling would be that the Canadian Government Merchant Marine will not be expected before this Committee to put forward Voyage Accounts except on the same basis as the other lines are going to give their Voyage Accounts, and with your permission, Sir Henry, we will proceed with the examination of Mr. Marlow.

Mr. MONTGOMERY, K.C.: If it is equally convenient to the Committee, if it is Conference stuff you want to take up, I thought perhaps you had had enough of the general material. Col. Gear is the witness who was prepared to answer that, and if you do not call Mr. Cleminson, I would suggest if you wish, that Col. Gear be called now.

The CHAIRMAN: We want to find out just how this organization works.

Mr. MONTGOMERY, K.C.: We have Col. Gear, the senior member from the beginning, who was there long before Mr. Marlow.

The CHAIRMAN: All right, Mr. Marlow will give place to Col. Gear.

Col. WILLIAM I. GEAR, recalled.

The CHAIRMAN: Col. Gear, you will be examined on the oath you have already taken; you may sit down or stand up, just as you please.

*By Mr. Atwater:*

Q. Col. Gear, you have been already sworn?—A. Yes.

Q. Will you explain to the Committee your connection with the Shipping Federation or firms, and with any Conference that exists between the steamship people. You might state first your connection with the shipping industry.—A. Will I read this document?

Q. No, not now. I want your qualifications to speak; first of all, what is your position in the shipping world? Apparently you have a good deal of authority and knowledge in connection with that.—A. I am Vice-President of the Robert Reford Company, Limited, agents for the Cunard Line, the Anchor-Donaldson Line, the Donaldson Line, the Thompson Line, also the Cairn Line of Steamships, Limited, commonly known as the Cairn Line.

Q. How long have you been connected with the shipping business, Colonel Gear?—A. Oh, about fifty years.

Q. Have you knowledge of the existence of any conference between the steamship lines operating particularly in the North Atlantic?—A. Yes, connected with the North Atlantic freight conference and also the passenger conference.

[Col. William I. Gear.]

Q. Now, speaking with regard to the North Atlantic freight conference, can you give us any information about that?—A. This freight conference—

Q. Have you any statement to that effect? Will you just let the committee have it?—A. —was formed in 1902. Prior to 1900 we had been having a rate war, and it was considered advisable by shippers as well as the steamship companies, that it would be better if we had some stability in rates. I was personally appealed to by some of the shippers to quote rates which would be firm for a period, instead of having the continual fluctuations that took place from day to day, and which was more or less a nuisance to them in making their various quotations.

Q. Would you emphasize that date again, Colonel, please?—A. Prior to the year 1900.

Q. Did you say you were appealed to by the shippers?—A. By some shippers, to give—

Q. That is the exporters, the people using your lines? Yes, go on.—A. This war of rates was so keen that many of the lines that came to Montreal were either absorbed by stronger combinations or some of them gave up the ghost altogether, while others left the trade, gave it up. I do not mention the lines; they must be very prominent in your minds.

Q. What lines were those, Colonel?—A. The old Canada Shipping Company, the Beaver Line.

*By the Chairman:*

Q. These are the ones that were absorbed?—A. Yes, sir. The old Beaver Line was absorbed by Elder-Dempster, and they later by the Canadian Pacific Railway. The Ross and the Temperley Lines, I suppose you might say, failed in the trade.

Q. The Ross Line and what else?—A. The Temperley Line.

*By Mr. Atwater, K.C.:*

Q. That is, they did not succeed?—A. They did not succeed.

Q. About what period was that?—A. I have not the dates.

Q. Prior to about what time?—A. Prior to 1900.

Q. All right, go on.—A. We have the Dominion Line joined up with the White Star, and we have of course the Allan Line that was taken over by the Canadian Pacific, and we had other lines that left the St. Lawrence altogether, such as the Johnston Line, the Crown Line, the Direct Line, and others.

*By the Chairman:*

Q. May I just interject this question? These lines, the Beaver Line, the Elder-Dempster Line, were finally absorbed by the C.P.R.; the Dominion went in with the White Star; did the ships leave the trade or did the ownership or its association merely change?—A. The association changed.

Q. The ships stayed on in the trade?—A. Most of them.

*By Sir Henry Drayton:*

Q. At that point, which were the ships which went out of the trade?—A. Vessels belonging to the Ross Line left the trade; steamers in the Temperley Line left the trade; the Johnston Line left the trade, and so on.

*By the Chairman:*

Q. Was that some time before 1900?—A. Just shortly before 1900.

*By Mr. Atwater, K.C.:*

Q. Will you go on, Colonel, please?—A. The trading conditions and the cost of operation—

[Col. William I. Grear.]



The CHAIRMAN: You will forgive me interrupting, Mr. Atwater, but I took note; some were absorbed, we have those; some left the trade, we have those; some gave up the ghost, we have not those.

The WITNESS: The Ross Line and the Temperley Line gave up the ghost.

The CHAIRMAN: "Left the trade" and "gave up the ghost" are synonymous shipping terms, then, are they?

Sir HENRY DRAYTON: No, some of them just stopped the St. Lawrence route.

The WITNESS: After a more than ordinary period of unsettled conditions, and with the view of meeting the exporter, firm rates were agreed to on some commodities, and on these particular lines peace for a time prevailed. This was so satisfactory to all concerned that a more extended list was added, in consultation with representatives from New York and other U.S. ports, but it was not until March, 1902, that the North Atlantic Freight Conference was formed, and extended in 1904. This is an association of all lines, including the United States Shipping Board, trading regularly between the North American and United Kingdom ports. The object of this association is to discuss rates and other matters from time to time, and to make such alterations in the freight tariff as may be required by existing conditions. The lines may meet at any port at which there is a conference member, but as a matter of mutual convenience and because it is the most central location, meetings are usually, though not always, held in New York and Montreal. The rates as agreed upon are made effective for a certain period, subject to individual notice of change.

The CHAIRMAN: Mr. Atwater, would you mind if I interjected a question here and there?

Mr. ATWATER, K.C.: Not at all.

*By the Chairman:*

Q. About how often do they meet at these meeting places in New York and Montreal?—A. They meet once a month.

Q. Is it Tuesday that they meet?—A. Is it Tuesday or Wednesday? The first Wednesday of every month, I think.

Mr. SYMINGTON, K.C.: Those are the regular meetings. There are some special meetings, are there not?

The WITNESS: Yes.

Mr. MONTGOMERY, K.C.: You have them all; you have our complete minutes.

Mr. SYMINGTON, K.C.: I have not read them all through yet, but there seems to have been lots of special meetings.

*By the Chairman:*

Q. Colonel Gear, one of the objects of these meetings is to fix rates. Do you confer with the shippers at all before you fix the rates?—A. Sometimes we do.

Q. Out of ten meetings for rate fixing purposes, at how many of these as a rule would you invite shippers to assist?—A. At none of the regular meetings.

Q. At none of the regular meetings?—A. No. We meet them frequently at our local localities.

*By Mr. Symington, K.C.:*

Q. As a liner committee or as individuals?—A. Liner committees meet them.

Q. Because, from the minutes which I have seen, they were instructed that that was a matter for each line to take up. That is, that the shipper was to take it up with each line.—A. Naturally the outside committees would not

[Col. William I. Gear.]

want to go down to New York, so it is the port committees which meet the shippers, as occasion may require.

Q. Is there any reference to that in your liner committee meetings?—A. No sir.

*By the Chairman:*

Q. How often do you meet, say in a year, in Montreal?—A. At least once, sometimes twice. At least once.

*By Mr. Duff:*

Q. How do you arrive at the rates, Colonel; how do you proceed to fix them, and decide whether to lower or raise them?—A. We take the matter into consideration and finally adjust them to the best of our ability.

Q. Can you give us some details as to how you arrive at them?—A. Not more than that.

*By the Chairman:*

Q. Colonel, what mental processes do you go through in arriving at the idea, say, that the rates should be raised?—A. If you will allow me to go on—

Q. If you do not mind, sir; I asked permission of your counsel to interject a question, and perhaps you will try to answer me.

Sir HENRY DRAYTON: If it is there in writing, perhaps we will get it in a shorter form.

Mr. ATWATER, K.C.: When you asked permission, sir, to interject a question, I, of course, had not the slightest objection to your doing so, but this has really developed into a sort of cross-examination of the witness before he has had time to develop his evidence.

The CHAIRMAN: Very well; I will therefore not take any undue advantage.

Mr. ATWATER, K.C.: I would very respectfully submit that he be allowed to continue, and then I am sure he will be very glad to answer questions afterwards. I think that is the logical way and one which will probably save your time. I have not the least objection to any questions you may wish to ask.

The WITNESS: The rates as agreed upon are made effective for a certain period—

*By Mr. Atwater, K.C.:*

Q. If you would rather sit down, the statement is somewhat lengthy, and I am sure no one would mind?—A. I think the committee will hear me better if I stand up. The rates as agreed upon are made effective for a certain period, subject to individual notice of change. One of the objects of the conference is to prevent a new rate being quoted by a line without all lines being aware of it, and having the opportunity of making the same rate to their clients. Any fair-minded man will see that without this provision the lines in the trade have no protection against the absolute demoralization of rates that we had periodically, prior to 1902, with consequent reduction in service, and probably elimination of all but the strongest lines. The conference as at present constituted is formed by lines who have joined of their own free will and can always withdraw by serving two weeks' notice, if such action should be considered necessary.

The Conference has no control whatsoever over the sailings of any line; each line can add to or reduce its sailings without even notifying the Conference, each giving the services it considers necessary to meet its particular trade and the demands of its clients.

A remark has been made by a speaker in the House to the effect that:

"One of the operations of the combine is that if any Line withdraws from it, it will immediately attempt to undertake to put that Line completely out of business".

[Col. William I. Gear.]

I do not know where he got those impressions. As stated, the members of the Conference have joined of their own free will, they can leave whenever they wish, and I do not know of any instance, where, because a Line left the Conference, it was subject to a killing competition. The Conference is in no measure a combine, as is generally understood by the word. At no time have the Lines used the Conference to force unreasonable rates up beyond a paying level, or undertaken to pay rebates for support, or in any way bid for business, except by service and by it alone. The Lines realizing that their stability in the trade was to encourage shipments of products to the greatest possible extent, they felt and still feel, that to have strangled any trade by going to such an extreme, would only have prevented the development of their mutual interests. The object in the members' minds was to weigh fully the question submitted to them and whenever possible meet the exporters as far as could be done in justice to the steamers' interests, and we intend to show by our trading results, war years excluded, on account of vessels being under Government control, that the steamers earnings were never excessive. It may be stated here that the United Kingdom Conference does not directly or indirectly or in any way interfere with the making of Eastbound rates by the North Atlantic Freight Conference, the rates being made to equitably permit steamers to pay expenses and the manufacturer or producer to export. Furthermore in the list of Eastbound rates promulgated by the North Atlantic Conference, no rate or agreement is made in respect to grain, flour or cattle, these rates being absolutely open.

Mr. SYMINGTON, K.C.: That is important, if true.

Mr. ATWATER, K.C.: It is absolutely true.

The WITNESS: The advantages which accrue to Canadian exporters through the operation of the Conference system may be summarized as follows:

(1) Regularity of service resulting in the following advantages:—

(a) Opportunities for shipping are increased.

(b) Fixed dates of sailing at regular intervals enabling shippers to work with smaller stocks than they otherwise could, thus reducing risks as well as storage and interest charges.

(c) Make unnecessary the engaging of cargo space considerably in advance.

(d) Merchants are enabled to make forward contracts for delivery of goods at a definite date.

(2) Greater security given to capital invested in the steamship business:

Because of this greater security shipowners are enabled to supply an adequate number of vessels of a higher class and of greater speed and provided with every modern facility for the development of the trade. To many merchants, the adaptability of the service to the requirements of trade is highly essential because of the nature of their exports and imports, the following advantages are to be gained under this heading—

Mr. ATWATER, K.C.: Colonel Gear, you might enumerate for the sake of the convenience and reference of the Committee and ourselves, if you will, the headings as "A," "B," "C," "D" and "E," of your sub-headings, so they will not read along in solid type, but be easier to follow.

The CHAIRMAN: Mr. Atwater, my attention has been drawn by one of the members of the Committee to the fact that what the Colonel is now placing before us is very much a repetition of the reply of the steamship lines. I was wondering whether our time is usefully employed in having the Colonel read to us what is already before us in printed form.



Mr. ATWATER, K.C.: Some of it is the same, I admit, Mr. Chairman. That has occurred to me. As I understand it, when this reply was introduced in the House—as far as we could follow from the debates which took place in the House—it was very generally criticized. There were a great many members and others who were attacking it, and questioning some of the statements in it. Now, the Colonel's evidence, which he is giving here, is that of a man very competent to speak, being thoroughly aware of all the facts, and he is giving his statement under oath as his personal evidence and is proving what was contained in this pamphlet, which was the reply of the steamship companies. He is putting the facts into evidence, and is swearing to those facts, some of which were mentioned in this reply, and I would wish that his evidence should appear in the form of a deposition, and be spread upon the record in that way. Otherwise, this reply of the steamship companies was nothing but an unofficial reply, in a way, and even its authenticity was questioned. It was, in fact, brought up that it was never signed by any of the companies; I think it was the Prime Minister who said it was never signed.

Mr. SYMINGTON, K.C.: Is the Colonel the author of that statement?

Mr. ATWATER, K.C.: No, he is not the author.

Mr. SYMINGTON, K.C.: It is full of opinions and quotations.

Mr. ATWATER, K.C.: If it is full of opinions, that is a matter that can be appreciated, but so far as the facts, to which he is speaking, are concerned, he is prepared to swear to them, which makes them true.

The CHAIRMAN: It would be much more interesting, Mr. Atwater, if you were to question the witness and bring out the facts you wish him to bring out by *vive voce* methods. It is more interesting than to listen to a prepared statement, no matter how ably it may be written. The spoken word is much stronger and more interesting than the written.

Mr. ATWATER, K.C.: If I thought I could add anything to the readability—if I may use the word of the deposition, by interjecting a question here and there, I would do so, but this statement, as prepared by the Colonel, is very full and complete and I thought it was unnecessary to burden the record with unnecessary questions. Still, I shall be most happy to lead him as far as may be necessary, if you wish me to do so.

The CHAIRMAN: It really would be more satisfactory, I think, if you did.

Sir HENRY DRAYTON: Are we not really more concerned with that than with anything else, which would be the more brief way. If the witness can go along quickly, let him get along.

Mr. ATWATER, K.C.: I think the briefest way would be to allow the witness to continue his statement as already prepared, and which contains a lot of the information you asked for.

The CHAIRMAN: If it is the desire of the committee that the reading should go on, let it go on.

Mr. SYMINGTON, K.C.: May I ask whether this is the Colonel's own composition or whether it was prepared for him by somebody else?

Mr. ATWATER, K.C.: The Colonel is quite prepared to testify under oath, as to such of it as is facts.

Mr. SYMINGTON, K.C.: He prepared this but not the reply.

Mr. ATWATER, K.C.: Not swearing to the reply. He will, if necessary, to such of it as he knows of but he is swearing to his statement. Will you continue please, Colonel?

## A. (Reads):

(a) Cargo is delivered in better order and with greater despatch and regularity;

(b) Insurance premiums are reduced owing to the better class of vessels employed;

(c) Loss of interest on the cargo while in transit is reduced;

(d) Shippers are relieved of anxiety as to the class of vessels by which their freights will be shipped.

## 3. Stability of Rates over long periods of time.

(a) Removes the inconvenience which would exist if merchants and shippers were obliged to make quotations on nearly every consignment. A uniform selling price in foreign markets is considered highly essential by merchants. Moreover lines seek to give reasonable notice of alteration in rates.

*By Mr. Symington, K.C.:*

Q. This is an exact copy of the reply, of course?—A. Without putting it into the Minutes I would like to say it is not all exact.

(b) Reduce complaints from buyers abroad. During periods of competition, complaints come from foreign buyers if sales to them do not happen to be on the lowest basis of cost and freight.

(c) Enables shippers and merchants to calculate laid-down cost and sell goods for future delivery.

(d) During periods of rate cutting buyers abroad buy from hand-to-mouth because they never know what the goods will cost them by the time they are received.

(e) It is to the interest of the lines not to charge rates detrimental to the development of traffic. Shipowners depend for success on the good-will of shippers, and to build up business they must establish rates which will enable their clients to successfully compete.

(f) If the rates charged by the regular lines should exceed or even approximate the chartered rate for tramp steamers shippers can protect themselves by the employment of tramps for the transportation of their shipments.

## 4. Uniform Freight Rates secured to all Merchants.

Uniform rates protect the small against the large shipper. A merchant shipping one ton of butter or any other commodity will receive the same rate as the corporation shipping 100 tons.

## N.Y. GOVERNING THE CONFERENCE

The opinion has often been expressed that New York governs the Conference. We deny this absolutely. We sit in New York with representatives from all other Atlantic ports, and I can, from personal knowledge, say that the products and manufactures of Canada have always been jealously protected and the St. Lawrence gateway kept on an equal footing with any other port. But why, you ask, should New York, Boston, Philadelphia, Baltimore or even the Gulf of Mexico ports be considered? In reply we have to say that the export business of the larger part of this continent tributary to the St. Lawrence, the Atlantic coast ports and Gulf of Mexico gateways is international. If you will look at the map of Canada and the United States you will see two routes open to all ports from interior points.

[Col. William I. Gear.]

1st. Ontario and the West can ship through Buffalo, and then by rail or Erie Canal to any United States Atlantic port, or down the St. Lawrence.

2nd. Chicago and other United States cities have the option of shipping by the St. Lawrence route, or from the United States Atlantic ports, or the ports of the Gulf of Mexico.

We all keenly compete with each other for the products of these populous centres, and as an example, of the total of 152,301,579 bushels of grain shipped from Montreal during the season of 1924, 84,934,397 bushels come from the United States and over sixty-five per cent of packing house products shipped from Montreal during the summer, also come from the United States, most of it from Chicago.

These conditions and facts are important and require to be continually in mind when considering the complex question of the flow of exports through the various Atlantic gateways.

#### NO DISCRIMINATION AGAINST CANADA

It has been said in the House, and there seems to be a measure of belief on the part of the members in the statement that there is discrimination in freight rates against Canadian ports, and as we, the Canadian members of the Conference, permit lower rates to be quoted from New York than from Canadian ports.

I also absolutely deny this. There is no discrimination in the tariff, we quote the same rates to Liverpool, London and Glasgow, which are the ports mainly dealt with by the Conference, as are quoted by any North Atlantic port. We would not allow for a moment the existence of any other condition. If we did, you might, with reason, consider us insane. If anything we strive for the reverse and at all times see that we are on an equal basis.

*By Mr. Atwater, K.C.:*

Q. That is in the Canadian ports?—A. Yes. (Reads):

It is true that occasionally some party may want to ship a class of cargo that is not on the tariff and the shipowner then quotes what he thinks would be a fair rate on the article, and it is possible that one of the other ports might look at that particular class of cargo in a different light and quote a little lower rate, but this is one of the few conditions that might arise and I think occurs but very seldom. It is, however, an example of what would be the demoralization in rates and conditions if there were no tariffs. There are goods which some of the lines out of Montreal will not carry at any rate, as they are considered extra hazardous, while other owners are prepared to accept them, or again, they may be refused on a passenger boat and accepted on a freight boat.

#### TRAMPS QUOTING UNDER LINERS

The statement has been made in the discussion in the House that tramps quote just a little under the liners, the reverse is generally the case. Tramps and liners are two separate traders, the tramp gives the shipper an option of several ports of discharge, sometimes a very considerable range, which enables the shipper to market the cargo at the most advantageous point, and for this he will pay a little more than to the liner which vessel has but one destination and therefore but one market for the shipper.

You will excuse me referring to the House so often. In reading Hansard I saw this statement and I want to make a contradiction (reads):

[Col. William I. Gear.]



## LINERS QUOTE UNDER TRAMPS

Again let me emphasize this fact that the liner receives a lower rate than the tramp, the average tramp rate last year being 11d. per quarter of 480 lbs. over the average of the liner.

Q. That is for grain?—A. For grain.

*By Mr. Symington, K.C.:*

Q. Are these Colonel Gear's own calculations?—A. Yes, they are.

Q. Have you got your working figures?—A. No, I have not got my working figures but this is my statement. I would like to emphasize the point that the increased cost of running vessels is from 75 per cent to 100 per cent over 1913, and the auditors will have to do that.

Q. From 75 to 100 per cent increase?

Mr. ATWATER, K.C.: Compared with 1913 the increase is 75 to 100 per cent in freight.

Mr. SYMINGTON, K.C.: There was no increase in grain.

WITNESS (Reads):

## COMPLAINT OF INCREASE IN RATES

Complaint has been made of the increase in some rates, and that they are too high. Shippers complain the world over and are prone to claim that ocean rates prevent business but I wonder how many actually look into the question of the cost of running a steamer. I do not believe any of them have ever done so, nor do they seem inclined to believe any statement made by shipowners, nevertheless it is as impossible to sail a steamship unless the freight earned will pay expenses as it is for them to run their manufacturing business without a profit.

Certain lines of goods have been picked upon to show percentages of increases but the steamers were carrying much of this cargo below cost and of course, the percentages of advances may appear high on these isolated cases, but take the whole increase of 1924 compared with 1913, and the increase is but 44 per cent, while I would like to emphasize the point that the increased cost of running vessels is from 75 to 100 per cent.

It might be enlightening to the Committee if the parties who are making these complaints were to show their balance sheets so that we might study them.

## BRITISH GOVERNMENT WAR CONTROL OF RATES

During the war, rates were under British Government control, which control was continued over part of 1919 when the average rate was about \$1 per 100 pounds.

Since that time rates have been steadily reduced to 1924 when the average rate was about 50 cents.

I think you will agree that this reduction is proof that there is no combine. If there had been, the combine would have held for the higher rates.

## 1921 LETTERS

A member has been quoting from letters received in 1921.

*By Mr. Atwater, K.C.:*

Q. When you say letters received in 1921, do you mean letters received from exporters?—A. I presume so.

"This is most misleading and absolutely unfair to the steamship companies. If there is any place where fair treatment should be meted out it should be in the Commons if we are to arrive at any satisfactory solution."

Will I give these rates?

Q. Yes, you might quote the rates?—A. Flour 32 cents—19 cents; butter, \$1—\$1.

*By Mr. Symington, K.C.:*

Q. May, 1924?—A. 1924.

Q. Why say May?—A. Did I say May?

*By Mr. Atwater, K.C.:*

Q. For flour 1921—32 cents. Were these the conference rates?—A. At that time, yes.

Q. I thought flour was above?—A. It was above for the past twelve months.

*By Mr. Symington, K.C.:*

Q. Above in New York?—A. In New York.

*By Mr. Johnston:*

Q. 31 cents?—A. From 32 to 19. "Cheese 75 to 70 cents."

*By Mr. Atwater, K.C.:*

Q. You do not have butter?—A. No report.

"Cheese 75 to 70 cents; meat 75 to 50 cents. 35 degrees or over—35 cents; 26 to 35 degrees—50 cents; below 25 degrees, 65 cents; frozen fish and butter, \$1.50."

I was going to submit a report of Fair Play. I have not got it with me—Fair Play of January 8, 1925.

Q. You will perhaps give us wrong?—A. I refer you to Fair Play, January 8, 1925.

"Vessels' profits are not hidden but are known, being published yearly as their balance sheets are made up, so that all who desire can inform themselves of the liners' earnings. I attach a report from "Fair Play," January 8, 1925, giving profits of the leading lines over a period of years and it cannot be said at any time that the profits are excessive. So far as the Canadian trade is concerned, the trade in which we are so vitally interested, the Canadian Pacific Railway's statement just published, comments on their steamers' low earnings. The Canadian Government Merchant Marine shows a very heavy loss."

Mr. ATWATER, K.C.: That is bad.

WITNESS (reads):

"The Cunard Line last year put two of their best boats on the St. Lawrence route for the summer season with the intention of continuing them but they have been withdrawn on account of the very heavy loss incurred, the Vice-Chairman stating that the *Caronia* and *Carmania* lost six thousand pounds per voyage while running between Liverpool and Quebec during 1924."

The CHAIRMAN: The witness now is reading a newspaper clipping is it?

Mr. ATWATER, K.C.: No, he is making a statement. He has not the clipping here and he is making a statement about the Cunard Line during their operations last year.

[Col. William I. Gear.]

The CHAIRMAN: Is this of his own knowledge?

Mr. SYMINGTON, K.C.: No, he said it is what the President said.

Sir HENRY DRAYTON: I suppose he knows the boats ran last year.

Mr. SYMINGTON, K.C.: Yes.

Mr. ATWATER, K.C.: The Robert Reford Company is Agent for the boats.

Mr. SYMINGTON, K.C.: The point is, Mr. Atwater, he read it. The President said so.

*By Mr. Atwater, K.C.:*

Q. Is that within your personal knowledge?—A. I know they made a loss and I have the figures as given by the Vice-Chairman.

Q. Your information comes from the Vice-Chairman?—A. Yes.

“Someone has aptly said that “Ocean shipping remains the most highly complicated business on earth, being open to all.” Complicated as it is, involving as it does in its embrace nearly every known business calling, and the economical condition of each affects the vessel. High wages, cost of material and supplies in any branch of commerce, have their effect on the earnings and consequently on the freight rates.

We learned a few days ago of the Furness Line giving an order to German shipbuilders on account of cheap construction. This is owing to lower wages and cost of material. One reason for the lower material cost it is reported, is the lower coal cost in Germany than in England, although other important factors had a large bearing on the situation.

As our boats are English, Scotch or Irish built we have to pay for it in higher freight rates. Building is not the only item, as cost of coal and wages go into the cost of every requirement of a vessel in its building and working expenses. Wages ashore, which have increased from 1914 to 1924 as follows:

Longshoremen.. . . .	106 per cent
Shipliners.. . . .	125 per cent
Checkers.. . . .	88 per cent
Pilotage up river.. . . .	80 per cent

and other labour in proportion.”

Q. Is that the pilotage fees all the way to Quebec?—A. No, pilotage from Quebec to Montreal.

Q. Is the other increased also?—A. No sir.

“are not alone in adding to the cost, wages at sea is another item which the Commons and public overlook.

I do not argue whether they are right or wrong but the result to the shipper means increased cost of transportation.”

Q. What is the increase in wages at sea?—A. I come to it in a minute.

“At present there is an international move to give sailors an eight hour day, an unworkable condition at once at sea—”

*By Mr. Atwater, K.C.:*

Q. You are reading a statement of the increase of cruise and so on. Will you kindly just enumerate for cargo steamers and for passenger steamers a little more definitely?—A. Crew wages, cargo steamer 87 per cent, passenger steamer 119 per cent; provisions, cargo steamer 40 per cent, passenger steamer 40 per cent; repairs, cargo steamer 77 per cent, passenger steamer 77 per cent; stevedores, cargo steamer 100 per cent to 140 per cent; wharf expenses, cargo steamer 67 per cent to 107 per cent; dock dues, cargo steamer 50 per cent to 90 per cent. Then we have the demand of the shippers.

[Col. William I. Gear.]



*By Mr. Atwater, K.C.:*

Q. I am speaking of increases, but does that account for your fitting up ships, the work you have to do in fitting a ship for the reception of any particular commodity? Do you not have for instance when you are taking grain—you put grain in in bulk in the hold—above or 'tween decks, you have to have some special construction to keep the grain from shifting?—A. Ship boards, carpentering work.

Q. That is one of the requirements of the port of Montreal?—A. Yes.

Q. And the port of Quebec?—A. Yes.

Q. Have you included this?—A. No, sir.

Q. Has that cost increased?—A. Yes.

Q. This is only a detail?—A. I have not got these figures. It has increased from fifteen to forty-five dollars or more per thousand feet board measure, and ship liners have increased about 125 per cent.

"Then we have a demand of the shippers for increased facilities, requiring by no means an insignificant outlay, all meaning cost to someone. Steamers thirty years ago were of an ordinary type, not much above the modern tramp as regards ventilation. To-day we are required to supply forced draught ventilation by fans driven either by electricity or steam.

"Following this the demand was made for cool air, that is air cooled by a small refrigerating plant and forced into insulated holds, the equipment and insulation both entailing considerable outlay and taking up considerable space, which would, under ordinary conditions be used for cargo.

"Then followed the demand for refrigerators, with temperatures as low as ten degrees, which in turn required a larger refrigerating plant, and increased insulation, with many separate chambers, to meet the demands of our clients.

"All of this has meant increased loss of cargo space taken up by the insulation and plants, increased capitalization and crews, and naturally increased rates to the shippers.

"It now appears that a still larger amount of refrigeration will be demanded on account of the British law against artificial preservation of meats. This will require installing equipment costing from eighteen thousand pounds to twenty thousand pounds per vessel—"

*By Mr. Atwater, K.C.:*

Q. Eighteen to twenty thousand pounds?—A. Yes, per vessel.

"meaning loss of space by the insulation and naturally rates must be advanced to meet this extra expenditure. And finally it is not used to capacity.

Q. What do you mean by that?—A. Shippers do not show it. The next sentence will explain it.

"In the past refrigeration has been used during the hot months of the year only and to some extent in the fall for green fruit. During the winter months it is not used at all; altogether for eight months of the year it is unoccupied, and the ship is losing interest and depreciation on the investment, and worse still, the earnings she would have obtained on the space if it had not been occupied by the Refrigerator Equipment.

"Then we have the very heavy expense at either end of the voyage. At Montreal and Quebec, large sheds have to be rented from the Harbour Commissioners to take care of the package freight in and out of the port.

[Col. William I. Gear.]

In the United Kingdom all the ports are under Dock Boards, or some other corporation where the ship has to pay heavy dock dues, etc., for the accommodation which she may use."

*By Mr. Atwater, K.C.:*

Q. While you are on that, Colonel, when you speak of renting sheds from the Harbour Commissioners—Harbour Commissioners is really the Government?—A. Yes.

Q. Has the rental of these sheds increased from 1913?—A. Yes.

Q. How much about?—A. About double.

Q. About double what you paid in 1913?—A. Yes.

Q. Shed accommodation?—A. Including extra work, loading, and so on.

Q. Perhaps you will come to it later, does the tramp pay anything of that?—A. No.

"Some members of Parliament have made the statement that a company can avoid this. I do not know how this can be done and have only to refer you to the large docks on the Thames at London; the docks of the Mersey Dock Board at Liverpool; the various dock boards round the Bristol channel; and the Clyde Trust at Glasgow, as an example of what has to be contended with. In addition to the dock dues, lines having selected berths—and all regular lines must have one—have to pay additional rental, otherwise they would have to take their turn, which would mean delay. Dock dues, too, have increased, I am told, since 1913, as an example, at Glasgow 67 per cent tonnage dues, Liverpool 90 per cent and Avonmouth 50 per cent."

Q. These are ports in the United Kingdom, most of them? What ports do you refer to mostly, to the liners?—A. The liners cover Liverpool, Avonmouth, Cardiff, Glasgow, Leith, Newcastle, London, Southampton and Plymouth, I think.

Q. That is practically all?—A. That is practically all the way around the British Isles.

Q. I see you have come to my question now.—A. (Reads):—

"There is, however, an exception for tramps—  
may I ask the representatives of the farmers to note this—

There is however, an exception for tramps and that is the port of Montreal, where a tramp vessel, whether loading grain or other cargo, has free wharfage, is cleared of any tonnage dues, and enjoys an absolutely free port while the lines pay heavy shed rentals and other expenses of a large organization. What greater freedom could they enjoy? Some member wants to give them greater freedom. I don't know what greater freedom they could have unless the Government having a fat surplus would further bonus them.

"I have referred to the seas being open to all. This is not a passing idle statement. Not only are the seas open but so are the ports all over the world, and the greatest safeguard that any export trader has (and I do not know of another outside of shipping that has this safeguard) is the perpetual presence of the tramp. At present, the world has over ten million tons of surplus tonnage ready to spring into any trade that will show a profit or even a semblance of profit. In times of scarcity tramp tonnage is taken off the trade routes by the owners, and laid up. As soon as any trade shows a marked improvement and a likelihood of making a profit, these vessels leave their harbours and proceed to take whatever profit there may be in it. Not so the liner, who must face the loss on account of her moral obligations to give a regular service.

[Col. William I. Gear.]

At the same time, while the tramps do not compete in any particular trade, they give a useful service, in being able to supply tonnage in any trade to move any surplus product and thus prevent a glut or accumulation at the producing point. Therefore the tramps have been in the past, and will continue to be in the future, a regulating factor for the Canadian farmer in the handling of his grain, quite independent of the present liners.

The liner tonnage coming to Montreal could not have moved the grain last year, 1924; there would have been a block, and possibly very much higher rates paid except for the useful tramps, which stepped into the breach and helped to move the grain, carrying 94,544 thousand bushels, the liners but 57,456 thousand bushels. It does not matter whether additional lines are added to those already existing or not, this condition will always be the same, that is, the tramp will fill its useful purpose, and further, tramps will get the rate which they demand just as they did last year when their charter rates of freight were higher than those being quoted by the liners. And here I wish once more to correct a statement made in the House, that the liners get higher freights than the tramps.

No possible safeguard can be developed by this Government, or any other Government, that will equal this safeguard of the tramp fleets of the world. Not only can they be used for grain, but they can be used in any trade for any port from any port, and for any class of bulk cargo, wheat, or other grains, flour, cattle, deals, timber, etc., the only requirements being that they must have a full and complete cargo."

*By Mr. Atwater:*

Q. You were saying that there was a fallacy that the Canadian farmer was under; will you go on from that?

There is another fallacy in the minds of members of the House and no doubt outside of the House and that is, that the Canadian farmer in some way is a shipper, or will benefit in some manner by the rate; but as the farmer sells his wheat in competition with foreign markets, the largest customers of St. Lawrence lines and tramps are New York exporters who ship Canadian and United States grain as it is marketed at the cheapest through rate from the Head of the Lakes to port of destination, either via St. Lawrence route or Buffalo. Our merchants do the same. You will thus see that the chance of aiding the producer by a subsidy is very remote. In the general advance in rates the farmer has not been affected, the grain rate being open, the market conditions govern.

In 1913, the average grain rate of one of the liners was 2/7d. per quarter of 480 pounds. In 1924 2/11d. per quarter or 11.11 per cent increase. It was less in 1923, and may be completely reversed during 1925. You will thus see that the farmer has nothing to fear, in fact what he has to fear most is the withdrawal of the liner and for him to be left to the mercy of the tramp, who will not sail from her home port without the voyage being provided for and a profit in sight.

Another impression seems to be that if the steamer is short of cargo when sailing, that the expenses are decreased. Unfortunately we are not like a train which consists of a number of cars. With a train, a car can be added to or taken off as required, and make very little difference in the hauling cost, but with a steamer the conditions are entirely different. Her unit of earning is a full ship with a properly distributed cargo of grain and measurement freight. The vessel remains the same whether loaded or not, the crew is the same, the capitalization is the same, the cost of



running the same, and if the cost of a round voyage is £10,000 or £20,000, this must be paid—it is out of pocket expenditure—and if the vessel is not full, there is a loss, and, in some cases, a very serious one.

A good deal has been said, and is being said, regarding the Liner Committee. The criticism is quite unwarranted.

The Committee is composed of representatives of the Liners meeting in Montreal. It was first established in September, 1918, at a meeting called by the Director General of the British Ministry of Shipping, for the purpose of interchange of ideas with a view to efficiency in loading and despatching steamers, and dealing with matters of general interest.

*By Hon. Mr. Stevens:*

Q. In what year was that, Colonel Gear?—A. That was in 1918. (Reads):

“The Committee meets at least weekly, or whenever it may be necessary, to consider any question brought before them (frequently with the shipper present to give information and explain his request). This is fully considered, as are questions at the General Conference.

“This ensures quicker action and is more satisfactory to the shipper than if he had to wait an indefinite period for the monthly meeting.

“In regard to the open products of grain and flour traded in on the Exchanges, meetings take place daily, sometimes more frequently.”

*By Mr. Atwater:*

Q. Excuse me for interrupting you, Colonel Gear. Has the shipper access to this Committee; can he be present at the meetings of the Committee?—A. No, but he can meet the Committee and explain what his wishes are, and after that they are considered.

Q. I want to know whether he is free to present or to represent his views to the Committee at any time.—A. We meet the shippers frequently.

*By Sir Eugene Fiset:*

Q. Are you not making a mistake in the date, when you say 1918; should it not be 1919?—A. No, sir. It is 1918. This was while the Ministry of Shipping was still in control, in 1918. Let me re-read this (Reads):

“It was first established in September, 1918, at a meeting called by the Director-General of the British Ministry of Shipping for the purpose of interchange of ideas with a view to efficiency in loading and despatching steamers, and dealing with matters of general interest.”

Q. What I had in mind was this, that in 1918 it was controlled by the War Commission, even up to 1919, and that is why I was enquiring whether you were making a mistake or not.

MR. ATWATER: He states that the meeting was called by the Director-General of the British Ministry of Shipping.

SIR EUGENE Fiset: I am asking if it was not under the control of the War Shipping Bureau in Canada?

*By Mr. Atwater:*

Q. Are you sure that it was 1918, Col. Gear, in order to answer Sir Eugene Fiset's question?—A. Unless my memory is very bad, 1918 is correct. (Reads):

“In regard to the open products of grain and flour traded in on the Exchanges, meetings take place daily, sometimes more frequently. The object is the preservation of the flow of this class of freight through the port of Montreal. Brokers' reports are received from the various

[Col. William I. Gear.]

Atlantic seaboard ports; they are fully considered, and the competition, whatever it may be, met. It need not necessarily be a competition of the liners out of New York, London or elsewhere, but competition of tramp vessels, as their charters are reported, whether loading and sailing from New York, Boston or the St. Lawrence. And, by the way, most of the charters for tramps are made in New York, some in London, but few at Montreal.

You may ask, why should there be this Committee, why should we not act independently? This is against the natural conditions of commerce in all branches of trade, either you are in Conference, or you are at more or less open warfare. Before this Committee was formed, we went from one to the other; we called on the brokers, we gathered the news willingly or unwillingly, as each individual thought best, and then acted. This was found to be a cumbersome way of doing business, which led to many inaccuracies, and it was thought that the trade of Montreal and the St. Lawrence, also the shippers' interest would be better protected by us frankly getting together instead of running after one another to ascertain what was being done. There is no secret about the matter, and there should be no hesitancy whatever in describing the actions of the Committee.

This Committee also deals from time to time with the question of Bills of Lading and other documents. It is most essential that these important commercial documents should be in order, and that all the Lines should have similar Bills of Lading. The Committee see that all the printed documents are in perfect form and comply with the various regulations at the various ports, the requirements of the bank, and with the 'law of the land.'"

I would take this opportunity of again correcting a statement made by members in the House, that ships do not comply with the Canadian Carriage of Goods Act. I feel, Mr. Chairman, while standing here that I am a kind of criminal in not obeying the law of the land. (Reads):

"It is a pity that these various statements should have been broadcast throughout the length and breadth of Canada, making us appear as lawbreakers when we are not.

In regard to our documents, there is one thing that is absolutely adhered to, and that is that all the liners sailing from Canada absolutely comply in every respect with the Canadian Carriage of Goods Act, and the clauses which the Act requires to be printed on the Bills of Lading will be found there by any interested person asking to see a Liner Bill of Lading sailing from the St. Lawrence, or for that matter any Canadian or United States port, when a Bill of Lading is issued in Canada for Canadian cargo."

I am going to take this opportunity of filing some Bills of Lading. It is bad enough to be accused of combines, but when we are accused of deliberately breaking the laws of Canada, I object.

(Witness produces forms of Bills of Lading.)

*By the Chairman:*

Q. Just what are these, Col. Gear; are these Bills of Lading all of the same form or of different forms; are they of different lines?—A. They are of different lines.

Q. Are there more than one of each, because we do not want to cumber our record. We are not going to print them. They are filed with the Com-

[Col. William I. Gear.]

mittee as copies of Bills of Lading issued by different steamship lines trading out of the Port of Montreal. We will put these in as Exhibit No. 36.

*Exhibit No. 36:* Forms of Bills of Lading issued by different steamship lines trading out of the Port of Montreal.

Hon. Mr. STEVENS: By members of the Conference?

The CHAIRMAN: Some of them are not?

Hon. Mr. STEVENS: How many?

Sir EUGENE Fiset: Mr. Chairman, may I call your attention to the fact that the evidence just read by Colonel Gear is absolutely different from what is contained in this reply from the shipping companies. Would it be possible, for this evidence to be ready for the next meeting of this committee in order to cross-examine on it?

Mr. SYMINGTON, K.C.: I was going to ask that we have a chance to see this long statement. I take it that this is the case of the Montreal Liner Committee, and we will be able to get it.

Mr. ATWATER, K.C.: Certainly. If we had a copy here we would give it to you now, but unfortunately we have not. It will be printed in the record, however.

The CHAIRMAN: Very well, proceed, Colonel Gear. This page 25 is cancelled, is it?

Mr. ATWATER, K.C.: What is that?

The CHAIRMAN: The Colonel is taking out page 25.

*By Mr. Atwater, K.C.:*

Q. Are you starting at page 26?—A. Yes, I am quite satisfied to do that.

A great deal has been said regarding flour rates and the claim of the millers that they are unable to do business at the rates quoted from the port of Montreal, and a member quoted from a letter stating:

“That this could be best effected by carrying flour for export at the same rate of freight as wheat.”

How would the miller like a consumer to say that a barrel of flour should be sold at the equivalent of the cost of the grain ground to make that flour. He would at once say that the person making such a claim must be of unsound mind as the miller has to provide a mill with machinery to grind the wheat, he has interest, depreciation, overhead costs, and other expenses; cost of the package; and finally he would add “I am entitled to some little profit for grinding the wheat.”

The same reasoning applies to steamships. The grain is loaded with the smallest amount of labour, it is delivered by an elevator through a spout and the grain flows into the vessel by gravitation, the only labour required being sufficient to level the top of the grain cargo. It is discharged to-day in most United Kingdom ports in the same manner, that is, an elevator takes it from the hold on the vessel and places it in storage. Whereas with flour, the line has to hire a shed to receive the flour, you will remember the tramp does not use a shed. Flour must be carefully handled, a large gang of men (16) is required to load it, with plant and machinery. It is carefully stowed in the vessel where it will be free from dampness or danger of taint from any surrounding cargo, or even heat generated by corn. On arrival at the discharging port it again has to be carefully handled, and placed in a warehouse for the purpose, at heavy expense. As an example of the care that has to be taken in stowage, I attach copy of a letter from F. H. Price, New York, January 2nd, 1923, addressed to Messrs. Furness, Withy & Co., New York. A similar letter was sent to all companies. I need not read the letter, but it requires us to stow the flour away from corn, for fear that it will deteriorate, and also to keep it free from taint and so on.

[Col. William I. Gear.]



Mr. ATWATER, K.C.: I would like to ask that the letter be filed and made an Exhibit, or else incorporated in the evidence. It is not necessary to take up the time of the committee by reading it, but I would like to have it appear in the record.

The CHAIRMAN: We will put it in the evidence, just as though the Colonel had read it.

Mr. DUFF: That would not be evidence.

The CHAIRMAN: No.

Mr. SYMINGTON, K.C.: None of this is evidence.

Mr. ATWATER, K.C.: It is about as much evidence as the complaining letters received from the exporters.

The CHAIRMAN: It bears out the Colonel's statement that flour requires careful handling, that it will not be tainted by other goods. I think we will all agree that that is a reasonable statement.

Mr. ATWATER, K.C.: I think that is germane to the evidence.

F. H. Price & Co.,  
25 Beaver St., New York,  
January 2, 1923.

Messrs. Furness Withy & Co. Ltd. and or  
Swedish American Lines and or  
Prince Line,  
34 Whitehall Street,  
New York, N.Y.

Gentlemen,—It has been brought to our attention recently that flour arriving in Europe has been damaged from being stowed in the same compartment with apples and corn as well as by contact with oil shipped in barrels. Taints have arisen from other commodities likely to give off an odour easily absorbed by such an article as flour.

Some years ago we had to bring suit to establish the fact that stowage of flour with corn was improper and liable to cause damage to flour because of the odours arising from corn in stowage even though corn may have been kiln dried. The separation of corn from flour by dunnage is not sufficient as the odours escape through the dunnage as easily as though nothing was there. It is improper to stow flour in the same compartment with corn or in compartments where odours from corn can penetrate. The same is true with respect to the stowage of flour with apples.

We continue to receive claims for taint arising from oil fuel as well as by contact of oil fuel with bags of flour. This can be avoided by proper care in our opinion and the selection of the proper quality of oil and seeing that the tanks and pipes are oil tight which as you know is somewhat different from being water tight.

We have recently had a case of damage to flour by being stowed in the bridge deck alongside oil in barrels. It is a well recognized property of oil in barrels to leak and oil seeping from the barrels coming in contact with the flour or grain products in bags causes the same to become unfit for human food. In our experience it has been recognized for many years that stowage of flour alongside oil in barrels is improper stowage and authorities of the subject have so held.

Our position in issuing this circular is not to create difficulties in the handling of flour nor to allege anything but to acquaint all those interested in the handling and stowage of flour in ships with the possibilities

of damage occurring during the voyage unless reasonable precautions are taken to keep apart certain kinds of cargo which are known to damage each other.

It is necessary for me to intimate at this point that damage arising from taints or contacts of the character described in this circular will make it necessary for us to present claims for such loss and damage for adjustment.

Yours very truly,

(Sgd.) F. H. PRICE,  
Export Agent, Millers National Federation.

**The Witness:** In addition flour takes up on an average 25 per cent more room in a vessel than grain and we have carefully worked out the comparative cost of each. If we take a quarter of wheat at 3/ for 480 pounds, at the exchange rate of \$4.80 to the pound sterling, versus flour, we require to get 9.55 cents per 100 pounds more for the flour for actual handling expenses than we do for wheat. In addition to which we have the possibility of claims on flour against none on grain and we have quicker despatch with grain both in loading and discharging than we get with flour.

From this you will see that we are justified in quoting an additional rate over wheat by actual working expenses.

*By the Chairman:*

Q. And the insurance; does that affect it at all?—A. I do not think so.

Another statement was made by a member, quoting from a letter, that rates were higher from Canada to Danzig than from New York to Danzig. This is quite possibly correct, but what are the conditions? The shipper could probably get a direct sailing from New York to Danzig, whereas, so far as I can learn, there was not a direct sailing from Montreal to Danzig, flour for that port having to be transferred at Hamburg to a coasting vessel and in all probability this coasting vessel's freight from Hamburg to Danzig made up the difference between the two ports.

*By Mr. Atwater, K.C.:*

Q. Colonel, let me go back for a moment to that letter, about which we had some discussion. Who was it from? My attention was called to the fact that one thing which may give importance to that letter is that it is from an insurance underwriter, evidently. It shows that there is an effect on the rate of insurance on these goods.—A. The letter is from F. H. Price, Export Agent, Millers National Federation, 25 Beaver St., New York.

Q. I am told that they are insurance underwriters also?—A. I am not sure as to that.

Q. Well, if you are not sure, that is all. Go on, please.

**Cattle.**—We have heard a great deal about cattle rates but as a matter of fact the export of cattle during the past year was greater than it had been since the U. K. embargo was removed and if we take the bookings up to date for the present year as any criterion of what the trade is going to be, export will be still larger this year. As in the instance of flour, shippers of cattle overlook the cost of carrying the cattle as compared with what it was when cattle were formerly allowed free entry into Britain. There is no comparison between the two periods. Increased costs have entered into every walk of life, we pay more for every article we buy, and naturally there has also been an increase in the cost of carrying livestock.

[Col. William I. Gear.]

Let me give you some particulars:

Fittings, 1909—\$3 to \$5, now \$20 on deck, \$10 in 'tween deck.

Carpenters, 1909—25 cents to 37½ cents per hour, now 62 cents and 72 cents.

Lumber, 1909—\$16 to \$17 per 1000 ft. B.M., now \$50 to \$54.

You will thus see that the rate that we are charging to-day of \$20 per head is not excessive, being but 177.77 per cent of an increase and not 300 per cent as has been quoted in the House from a letter. It does not, from the foregoing statement, cover expenditure.

If the rates were reduced it would not be long before you would have the same complaint from the shippers that rates were still too high. And here let me say that unless a farmer shipped his own cattle, he would not receive the benefit of any reduction in rate, that would go to the middleman, and possibly to the cattler dealer on the other side, who is watching just as keenly the cost conditions as we are. If the Government are really in earnest and desirous of helping the farmer to ship cattle, then in my opinion they should bonus the farmer for the cattle that are shipped abroad. As one of your members has stated, the

“Question which has always arisen in my mind is whether from point of production to point of consumption any lowering of transportation rates might not be entirely lost and the actual producer not reap any benefit at all. In commercial life this is the case.”

Mr. SYMINGTON, K.C.: These are the Colonel's opinions, I suppose.

The CHAIRMAN: Colonel, do you subscribe to this last statement?

Mr. SYMINGTON, K.C.: Is he quoting from somebody else?

The CHAIRMAN: Yes, and I am asking if he subscribes to that unusual doctrine.

The WITNESS: I think it is right.

Frequently shippers ask us to go to an outport, that is a port other than the vessel's regular destination, which immediately means increased cost, time occupied in the deviation, port dues and other expenses. When we ask them to pay for this cost they demur and write a letter to the Government. Very seldom does the additional rate asked cover the entire outlay. In other cases where ships have been offered cattle for an outport they have had to refuse them, because shippers of other cargo, meats, cheese, etc., will not ship on a steamer if they know that she is making such a call, on account of the deviation and the delay in arrival at the final discharging port.

It must be remembered that no individual shipowner can continuously carry freight at a loss. It is manifestly impossible for him to do so for any length of time.

*Exchange:* Let me draw your attention to another disability that steamers will suffer from this year as compared with 1924.

Tramps in making their charters, fix their rate invariably on a sterling basis. Please bear this in mind, “sterling.”

During the war a change took place in quoting freight for the general trade. In nearly all instances, except on a few commodities, including grain, rates are now quoted in cents per 100 pounds, shippers having found that this was more convenient for their calculations. What is the result? Exchange has gone up and is now on an average \$4.77 to \$4.78, we will say \$4.80 or 8 per cent. A pound sterling a year ago was equal to \$4.44; to-day \$4.44 is only equal to 18s. 6d., so that a ship quoting the same currency rates to-day as last year, on general cargo, is losing 1s. 6d. per ton, 7½ per cent, which means that last spring, at \$4.44, we received for cattle \$20, or £4 10s. 1d. per head. This year at \$20

[Col. William I. Gear.]



the ship will receive £4 3s. 4d. per head, increasing the loss by 6s. 9d. or \$1.62 per head.

Do you want to go on with the other, Mr. Atwater, the passenger rates?

MR. ATWATER, K.C.: No, I do not think you need cover that. I know you have made a study of that, but I do not understand that first-class passenger rates are at all an issue here, and I would skip that. If you are asked as to that by Mr. Symington, however, I would be glad to have you give him any information you can.

*By Mr. Atwater, K.C.:*

Q. You have got something about disbursements there? That is in connection with passengers, is it not?—A. No, general disbursements. There is in the minds of the public and members of Parliament the impression that very little money is left here by the steamship lines, that most of the money which the lines receive is spent at the home port in the United Kingdom and that the only service that the steamers are to the country is that of carrying wheat and our products, while, as a matter of fact, steamers are probably one of the largest disbursers of money during the seven months that they come to Montreal, with the exception of the railway companies. The expenditure by the lines amounts to over eleven millions (\$11,300,959.68). Of this over two and a half millions is disbursed on the docks for wages. Most of this large sum goes immediately into circulation in Montreal and the province of Quebec. The weekly payroll on the docks at Montreal probably averages over \$80,000.

Q. That includes all your disbursements in connection with the ships at Montreal and Quebec?—A. Yes.

Q. The weekly payroll is \$80,000?—A. About \$80,000, on the average.

Q. Now, you have some general remarks there, Colonel Gear?—A. Yes. Some of the extravagant statements reported to have been made on the discussion of this subject in the House are so much at variance to the facts that they are alarming and threaten the commerce of Canada. They are so widely published abroad that doubtless people are led to believe them and may hesitate about going into any new manufacturing venture. For instance, one speaker stated that:

“Interest after interest of the classes I have mentioned have been representing to the Government that their whole export business through the differentials given on the Atlantic, is threatened with extinction, in other words, every one of them has made representation to the effect that rates from New York to British ports are so much lower than from Canadian ports that there is no hope of their being able to export through Canadian ports.”

Q. Did you take that quotation from Hansard?—A. Yes. These statements are, to put it mildly, misleading. As I have already stated, in this report, similar rates—

*By the Chairman:*

Q. What page of Hansard are you reading from?—A. It could be easily looked up.

*By Mr. Duff:*

Q. From whose speech is that—Sir Henry Drayton's—A. I would not think so.

MR. ATWATER, K.C.: He is answering the speech. I was under the impression it was made by the Prime Minister.

[Col. William I. Gear.]

The WITNESS: As I have already stated in this report, similar rates are quoted on the goods in the tariff by both New York and Canadian ports. We have but one aim and that is the development of our services and continuous sailings from Canadian ports, summer and winter. If shippers would only use our winter ports as consistently during the winter, as they do Montreal during the summer; use our refrigerators which have been built at their request; instead of using New York as they do, paying Conference rates which they are so fond of saying differentiate from those of the Canadian Lines, they could look forward to still further improvement in our services.

*By Mr. Atwater, K.C.:*

Q. You mean by that, that Canadian exporters use the New York ports?  
—A. Yes.

*By the Chairman:*

Q. Why?—A. Ask the exporters.

Q. I say, why do they use the New York ports?—A. I do not know.

Mr. SYMINGTON: I guess they get a rebate.

*By the Chairman:*

Q. Do you say that you do not know?—A. I don't know. They complain about our rates, we complain about their lack of support, support which lacks that Canadian spirit which if not encouraged will in the end work against our nationality, our winter ports, our River St. Lawrence, the ports of Montreal and Quebec, the province of Quebec and through our seaboard provinces, the Dominion. The position of the Shipping Companies is put in a nutshell by Sir William Noble, Bart., who says that—

The CHAIRMAN: Mr. Atwater, should we be asked to listen to what Sir William Noble says? We are glad to listen to what Colonel Gear has to say.

Mr. ATWATER, K.C.: I agree with that, but I think we must be patient with the witness if he wishes to express his own views in the language of somebody else.

The CHAIRMAN: If he puts it that way, it is all right.

Mr. ATWATER, K.C.: He subscribes entirely to the words of so-and-so who says so-and-so. That is about all he says.

The CHAIRMAN: If he subscribes to the expression of somebody else, it is all right.

The WITNESS: Shall I give the quotation?

The CHAIRMAN: Yes, go ahead, sir.

The WITNESS:

“If rates are cut down to the extent it is apparently proposed they will be, the only effect will be a vast withdrawal of tonnage while the market for Canadian produce which shipowners have developed will be temporarily disorganized if not permanently lost.”

Navigation is now open, and on behalf of all the lines we invite the Committee to visit Montreal as our guests—

Several Hon. MEMBERS: Hear, hear.

Mr. DUFF: Name the date.

The WITNESS: —and to personally visit and inspect the work and the equipment required in loading a steamer with a complicated stowage of cargo. I feel that if you were to see the full operation of handling a steamer in Montreal, the handling of the different classes of cargo, the stowing of it in the holds

[Col. William I. Gear.]

of the vessels and the care and expense that is incurred, it would be enlightening to the Committee.

The CHAIRMAN: I hardly think it would be worth while to commence the cross-examination at this time.

Mr. ATWATER, K.C.: I may have a question or two to ask to-morrow, but I do not think so now, but I do want to go over the evidence.

Mr. SYMINGTON, K.C.: When will we get a copy of this?

The CHAIRMAN: The Printing Bureau will get this to-morrow. (Discussion followed as to filing of communications received at last meeting, as exhibits.)

The CHAIRMAN: It is my view, and I speak subject to the voice of the Committee, that if we started printing these things we would, by so doing, invite public bodies all over the Dominion to express their views. They would send in letters which would have to be printed, as well, and we would incur a considerable expense in printing, and I doubt if it would serve any useful purpose. I want counsel to understand that the letters are of record; they are there to be referred to in argument, and it seems to me that is as far as we can go. I would like expressions of opinion from other members of the Committee.

The CHAIRMAN: Now gentleman, when shall we sit again? I learn from Mr. Euler, who is the Chairman of the Special Committee on National Railways and Shipping, that his Committee will sit to-morrow morning. In view of the fact that Sir Henry Thornton and other men connected with the Canadian National transport services are here, and my suggestion to this Committee is that we might again sit to-morrow afternoon. However, I only make that as a suggestion. I wish, if possible, not to conflict with the meeting of the other Committee. Perhaps I might inquire from members of this Committee how many of our members are also members of the Special Committee?

Sir HENRY DRAYTON: Mr. Rinfret and myself.

The CHAIRMAN: Shall we adjourn until to-morrow afternoon at four o'clock?

The Committee adjourned.





## MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

THURSDAY, April 23rd, 1925.

\* The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 4.00 o'clock p.m., the Chairman, Mr. A. R. McMaster, K. C., presiding.

The CHAIRMAN: Gentlemen, the meeting will please come to order. We will proceed with the cross-examination of Colonel Gear. Now, Mr. Atwater, when we adjourned last night, you intimated you might have two or three further questions to put to the witness, if I remember correctly.

Mr. ATWATER, K.C.: On consideration, sir, I do not think it is necessary for me to do so. I will leave the witness to my learned friend, Mr. Symington, of course reserving my right for re-examination.

The CHAIRMAN: Mr. Symington, will you cross-examine Colonel Gear on any matters which you deem necessary?

COLONEL WILLIAM I. GEAR recalled.

*Cross examination by Mr. Symington, K.C.:*

Q. Colonel Gear, your company is agent for the Cunard Line?—A. Yes.

Q. The Anchor Donaldson Line?—A. Yes, sir.

Q. The Donaldson Line?—A. Yes.

Q. The Thomson Line?—A. Yes.

Q. And the Cairn Line?—A. Yes.

Q. And apparently in the preparation of the case, some voyage sheets and statements have been brought by some of these companies. Did you request the Cunard Line to furnish that information?—A. I asked them if they would.

Q. Have you it?—A. No, sir.

Q. Is it on this side?—A. No, sir.

Q. Is it coming?—A. I do not know.

Q. Have you instructed them to send it?—A. I cannot instruct; I have asked.

Q. You have asked?—A. Yes.

Q. Now, just to get this out of the way: Are you the author of what is known as the reply of the steamship companies?—A. No, sir.

Q. Who is? Do you know?—A. It is compiled by a committee.

Q. Who are the committee?—A. I am not sure of all the names.

Q. Give us the ones you know?—A. Mr. Coates, Mr. Marlow, and Mr. Wainwright, and several others.

Q. What I want to get at is some person who can answer some questions on it when the time comes. Will you tell us who that will be?—A. Mr. Marlow, I think, can answer.

Q. Now then, Colonel Gear, you have told us of your long experience with the Conference—

Mr. FLINTOFF: Pardon me a moment. I think Colonel Gear was not present when that reply was prepared.

*By Mr. Flintoft:*

Q. Were you, Colonel Gear?—A. I was not present, but I read it.

Mr. FLINTOFT: Mr. Marlow did not have anything to do with the preparation of the reply; he was not in on that.

Mr. SYMINGTON, K.C.: He does not know anything about it?

Mr. FLINTOFT: We are not at all ashamed of it, Mr. Symington. We are prepared to produce whoever had to do with it. Mr. Wainwright will be available, but he is ill at the present time, but by the time he is needed, we think he will have recovered.

*By Mr. Symington, K.C.:*

Q. Colonel Gear, from your experience with the Conference, will you tell us what a "neutral rate" is?—A. What is what?

Q. A neutral rate?—A. You have me there; I do not know what you mean by that.

Q. You do not know what a neutral rate is?—A. Not that I know of.

Q. You attend these Conference meetings?—A. I have.

Q. You read their minutes?—A. Sometimes I do.

Q. You know the method by which rates are fixed?—A. Yes.

Q. And you cannot tell the Committee what a neutral rate is?—A. Not what you have in mind as a "neutral rate".

Q. You do not know what I have in mind at all. I am asking you the definition of a "neutral rate," which I took from the minutes of the Conference.—A. I can not answer it, sir.

Q. Can you tell us what a "parity rate" is?—A. A parity rate is the rate being the same.

Q. Between whom?—A. Between the different lines.

Q. And the different Conferences?—A. No, sir. We have only one Conference. I would like you to make that perfectly clear.

Mr. SYMINGTON, K.C.: We will deal with that subject, perhaps, a little more fully, sir.

*By Mr. Symington, K.C.:*

Q. You had, up to a few days or weeks ago, more than one Conference?—

A. Maybe, but there is only one on this side of the Atlantic.

Q. Only one on this side of the Atlantic?—A. That we have to do with.

Q. But prior to a week or two ago, there were two others you had to do with?—A. No, sir.

Q. Never had anything to do with them?—A. No, sir.

Q. What is an "emergency rate"?—A. A rate that is put into the market, to take cargo if it is necessary. If a ship is short of cargo and requires ballast, and they can get it at a certain rate, they are allowed to quote that rate, and that is an emergency rate.

Q. Is it an "emergency rate" where a rate is quoted by a non-Conference line, and the Conference learns about it, and they quote below the Conference rate for the purpose of getting the business from the non-Conference Line?—A. I would call that a "competitive rate."

Q. Does the Conference call it an "emergency rate"?—A. "Competitive."

Q. Then, what is an "open rate"?—A. An article on which there is no agreed rate.

Q. No agreed rate between whom?—A. Between members of the Conference.

Q. Do you mean between all the members of the Conference or between some of the members of the Conference?—A. Between the members of the Conference.

[Col. William I. Gear.]



Q. You mean all the members?—A. Yes.

Q. Now, what is the rate upon which one section of the Conference has the initiative?—A. How do you mean?

Q. Just exactly what I ask you. What is the rate upon which one section of the Conference has the initiative?—A. We have no name for it.

Q. Are there not certain rates upon which the Canadian members of the New York Conference have the initiative?—A. On certain Canadian goods.

Q. What do you mean by "have the initiative?"—A. That they will mention to the Conference what they think ought to be quoted on a certain line of goods.

Q. That they will mention to the Conference what they think ought to be quoted on a certain line of goods, and the Conference approves or disapproves?—A. Not necessarily. We might require the Conference to quote the rate.

Q. That is, rates upon which you have the initiative, you might require the other members to quote the rate?—A. Yes.

Q. And they have to quote it?—A. Yes.

Q. That is the proceeding with respect to initiative rates?—A. Yes.

Q. And can you name to the Committee the articles upon which the Canadian section have the initiative?—A. I will get that for you.

Q. You can get it again. There are about three of them, I think.—A. Deals is one, and a couple of others.

Q. Those are all the rates upon which the Canadian Conference have the initiative?—A. Yes.

Q. What do the words "promulgating a rate" mean?—A. Issuing it.

Q. Is that a substitute for "fixing?"—A. No, issuing.

Q. How do you promulgate then?—A. Well, the different offices, I presume, have different ways.

Q. I have never been able to find one promulgated by an office, but I find the Conference continually promulgating rates, and I want to know what it means?—A. It simply means issuing the rates.

Q. The Conference issues the rates?—A. Yes.

Mr. ATWATER, K.C.: Publishes them.

*By Mr. Symington, K.C.:*

Q. Now, Colonel Gear, rates are fixed at the meetings of the Conference—of the North Atlantic Conference—which meet every month in New York and once or twice a year in Montreal?—A. Yes.

Q. And they issue large tariffs covering every commodity?—A. Yes.

Q. Headed "strictly private and confidential?"—A. Yes.

Q. And those rates govern the rates upon those commodities crossing the Atlantic Ocean with all the liners who are members of the Conference?—A. Yes.

Q. There is a Rate Committee in New York of the Conference Committee?—A. Yes.

Q. And every few days a wire will be sent to the Canadian Liner Committee in Montreal, telling them of any change in rates that the New York Conference has made?—A. The New York Conference cannot make a change without consulting with the members in Montreal.

Q. The New York Conference, subsequent to the issuing of the general tariff, issues from time to time, supplements which they mail to the Liner Committee in Montreal?—A. Yes.

Q. And those rates set forth in the supplement govern, the same as do the original ones?—A. Yes.

Q. The supplements are only issued, are they not, after they have been arrived at?—A. Agreed upon.

Q. Is it not a fact, Colonel Gear, that no rate can be changed without the unanimous consent of the members?—A. Yes, sir.

Q. The membership of the Atlantic Conference is predominantly American? —A. I do not know as to that.

Q. You must know; you have been at the meetings. I do not want to delay the matter; all you have to do is to look at the attendance?—A. Yes, but many of them are British ship-owners.

Q. But do the British owners come over to attend these meetings?—A. No, but their representatives are there.

Q. I produce to you Exhibit No. 16 G, Colonel. If you will look at the attendance of the meeting, will you say to the Committee whether or not the predominant attendance at this Conference is American?

Hon. Mr. STEVENS: Mr. Symington, is that a list of the members of the Committee?

Mr. SYMINGTON, K.C.: The attendants of the meeting, representing the various lines.

Mr. ATWATER, K.C.: What are you showing him now?

Mr. SYMINGTON, K.C.: Exhibit No. 16 G, the minutes of the Conference.

The CHAIRMAN: Pages 28 to 31.

Mr. MONTGOMERY, K.C.: There is a list there filed as a separate Exhibit.

The WITNESS: That is a Passenger Conference.

Mr. SYMINGTON, K.C.: Well, we will take the other one; it does not make any difference. I show you then Colonel, Exhibit No. 11, pages one to 136, the North Atlantic U. K. Freight Conference?—A. Yes. I think American predominates.

Q. Then supposing the Canadian Committee want to change a rate they submit it to the Conference in New York and if the Conference all agrees that becomes the rate. If they do not it does not?—A. Yes.

Q. Now, Colonel, turning to your evidence page 364 of the typewritten copy you stated that the Conference arose out of conditions of rates prior to its formation, which was forcing shippers out of business?—A. Yes sir.

Q. And I suppose that as a result of the Conferences then the shipping lines were not forced out of business?—A. Some of them had been forced out of business.

Q. I say as a result of the formation of the Conference they were saved, those who had not already gone out of business?—A. Yes, you might say so.

Q. And were saved by of course the rates which the conferences were able to put in with respect to the goods carried?—A. Yes sir.

Q. And you rather left the impression, I thought, Colonel, that there had been, by reason of this unfortunate condition where rates were not fixed by the Conference, a considerable diminution in the shipping on the St. Lawrence?—A. There was a diminution of a character. As to the diminution of the shipping I would require to look up the records.

Q. Take it first as to the boats, was there a lessened number of boats by reason of that?—A. I would require to look up the records.

Q. You made a statement to the Committee that this was the result and the reason the Conference was formed was that these boats were having to withdraw? —A. As I stated the character changed but I would require to look up the record for tonnage.

Q. Do you now wish to say to the Committee that shipping had not declined and did not decline because of the lack of the Conference?—A. My statement, as I made, stands.

[Col. William I. Gear.]

Q. Well, I want to get an explanation from you. Was one of the reasons justifying the formation of this the fact that lines were being forced out of the St. Lawrence route?—A. Some were forced out; others would have been forced out if there had not been a change.

Q. What years would this be in, Colonel?—A. Prior to 1900.

Q. Well I had the opportunity of getting the advertisements of that day with respect to those lines and I find that there were a good many more lines in the St. Lawrence trade in 1898, 1899 and 1900 than there are now?—A. Very possibly.

Q. So that apparently the lack of a conference did not drive lines out of the St. Lawrence route, did it?—A. It depends altogether on the nature of the business.

Q. I am trying to get your justification for the formation, which I understood was the main one you gave.—A. The reason was we were losing money and, as I stated in my statement, the conference was formed to try to save the situation.

Q. To save which situation, the diminution in boats or to make more money?—A. To save losing money.

Q. To save losing money. So that the factor which you introduced, namely, which would be a certain one, that if there were not conferences shipping would decline, was not demonstrated in that period was it?—A. I think it was.

Q. Can you say to the Committee it was?—A. I say so now.

Q. I find, for instance, Colonel, that in 1898 the Dominion Line advertised fifteen ships; the Beaver Line, seven; the Dean Line, I think it is, twelve; the Donaldson Line, nine; the Thomas Line, eleven; the Allan Line, seventeen; the Dominion Line, five; the Johnson Line, five; the Hamburg-American Line, two; the Furness Line, also, the number is not given. How many did not advertise, I do not know, but the total advertised was ninety-five liners. There are not that many to-day, are there?—A. I have no definite information until I look up the record. Would you mind giving me the date of the sailings of the ninety-five vessels?

Q. 1898 was the year they were advertised in your Montreal paper?—A. But the dates of the sailings.

Q. I have not got the dates of the sailings. I am talking about the boats which were in the service in the St. Lawrence route and that continues throughout.—A. I would like to have the sailing dates of all those steamers.

Q. We are not discussing sailing dates.

Mr. MONTGOMERY, K.C.: We cannot tell whether they were the same boats or not.

Mr. SYMINGTON, K.C.: I have given the Colonel a list of the Lines which advertised in Montreal papers, that they had this many boats sailing on the St. Lawrence route.

Mr. MONTGOMERY, K.C.: I never saw such an announcement.

Mr. ATWATER, K.C.: Where did you take it from?

Mr. SYMINGTON, K.C.: I will get all the information for you. You need not worry. Are you suggesting it is not right? The Chairman has seen it. He will tell you whether it is right or not.

The CHAIRMAN: I have sent to the Library for the issue of the Gazette, if these were taken out of this report.

Mr. ATWATER, K.C.: Perhaps we could get the date of the sailings.

The CHAIRMAN: Yes, we will get the date of the sailings. It is all in the advertisement.



*By Mr. Symington, K.C.:*

Q. I show you the Annual Report of the Harbour Commissioners for the years 1907 to 1916, which include this period, both before and after the Conference. Do you see any marked diminution in ships there?—A. No, sir.

Q. No diminution and no increase?—A. Not much.

Q. Then, Colonel, you said that the shippers appealed to you to form boat rates which would be firm for a period. That is your language. "I was personally appealed to by some of the shippers to quote rates which would be firm for a period." Is that correct?—A. Correct.

Q. Did they ask you to form a rate fixing monopoly?—A. They did not ask us to form rate fixing monopoly. We have not got one.

Q. What shippers asked you to fix those rates?—A. My memory is not good enough for all of that.

Q. Since that time, of course, the rates have been fixed by the Conference, as you have told us, irrespective of the shippers altogether?—A. Yes.

Q. Will you speak, because the reporter cannot see you nod. The witness nodded "yes." At page 367 of your evidence you say "the rates as agreed upon are made effective for a certain period subject to individual notice of change."

The CHAIRMAN: Your paging is not the same as the Colonel's so it is hard for him to follow.

Mr. SYMINGTON: This is page KK-4.

The CHAIRMAN: I will find it and show it to the Colonel.

Mr. SYMINGTON, K.C.: Perhaps the Colonel had better use your copy to save time.

The CHAIRMAN: Yes.

*By Mr. Symington, K.C.:*

Q. Have you got that, Colonel?

The WITNESS: I think I have. What is your question?

Q. I say that you say that the rates as agreed upon are made effective for a certain period, subject to individual notice of change. What you mean is that the rates are made by the Conference and changes are noted to the individual. That is what you mean, is it? The individual lines.—A. Yes, sir.

Q. That is, it is unanimous?—A. Yes.

Q. And then the notice is given by the New York Conference to the individual lines that the rate is changed to shippers?—A. Yes.

Q. Now at page KK-5, which is the next page, the Colonel states there that he conferred with these shippers before fixing the rates sometimes. Have you ever been at a Conference meeting in New York where there was a Conference with the shippers about what the rates should be?—A. Personally, no.

Q. Have you ever known of anybody that was?—A. Yes, some of the New York lines were.

Q. Some of the New York lines. At a general meeting of the Conference?—A. I think I said yesterday at a general meeting of the Conference there were no—

Q. No shippers represented there? With respect to the Montreal Liner Committee, I asked you about that in passing and you stated that the minutes did not show any of those meetings?—A. No, sir.

Q. The Committees of the Liner Committee may discuss with the shipper the question of the route?—A. Pardon me.

Q. That the Canadian Liner Committee will appoint Mr. Dougherty and somebody else to talk over the route with some shipper or the shipper will ask it and maybe the shippers will ask the whole Liner Committee to meet them. Is that done?—A. At times.

[Col. William I. Gear.]

Q. How often?—A. I am not able to say.

Q. Can you refer me to a single instance or is it not shown in your minutes?  
—A. We have no minutes but I personally attended them at certain periods.

Q. You have minutes because I have them here.—A. There are no minutes of our meetings with the men, so far as I know.

Q. Is there a route fixed at your conference or do you subsequently decide upon what course you will take and then take it up with New York?—A. Sometimes we consider the application in the general meeting and take it up afterwards with the Liner Committee.

Q. In New York?—A. In Montreal.

Q. And the Liner Committee then takes it up in New York?—A. If they wish to.

Q. They may not consider the request is reasonable. If a change is to be made they take it up there?—A. Yes.

Q. So that any change made in that method will be reflected in the Minutes of the New York Conference?—A. It may not be reflected in that way.

Q. Would it not indicate that the Canadian Committee had felt that the rate on butter was too high or too low?—A. No.

Q. Is that the way the discussion takes place in New York?—A. In what way?

Q. That a representation of that kind is made by the Canadian Committee?—A. Yes.

Q. And they consider it and say yes or no?—A. The meeting makes the necessary decision.

Q. Otherwise it is passed?—A. Otherwise it is passed.

Q. Then at the next page, KK-6, the Chairman tried to ask a question but it was decided to leave it and I want to ask you: What mental processes do you go through in New York in fixing these rates?—A. Will you make your question a little clearer.

Q. On what plan do you make them?

*By Sir Henry Drayton:*

Q. What consideration do you give to the matter?—A. Every consideration is given to a subject that is submitted.

*By Mr. Symington, K.C.:*

Q. Well, there was a large voluminous commodity list issued and it is issued every year, prepared, as far as I can find from these proceedings by a rate Committee in New York and subsequently submitted to the Conference in New York, who adopts it and these become the rates. That is right is it not?—A. That is correct.

*By Sir Henry Drayton:*

Q. What is the basis of following that up?

*By Mr. Symington, K.C.:*

Q. Exactly. What is the basis of the rate?—A. The basis of the rate is the question of the space taken up on the boat in comparison with the dead-weight, its value and what we think the article will stand and not prevent its export.

Q. Have you ever served on one of these committees?—A. No Sir, not that I could recollect.

Q. Do you know who has, because in the original committees I have not yet found a Canadian. I mean in the committees now, understand?—A. Yes, I don't know.

Sir HENRY DRAYTON: Would you like a little more information as to how those are codified, as to how they are classified and codified?

Mr. SYMINGTON, K.C.: They are here. We will produce them.

Sir HENRY DRAYTON: As to the rates.

Mr. SYMINGTON, K.C.: We will produce them.

Sir HENRY DRAYTON: I presume he does not know.

Mr. ATWATER, K.C.: I think we can get the information better by another witness.

*By Mr. Symington, K.C.:*

Q. At the next page, Colonel, page KK-7, when you are discussing the provision that one of the objects is to prevent a new rate being quoted by a line without old lines being aware of it, and having the opportunity of making the same rate to their clients you say:—

“Any fair minded man will see without this provision the lines in the trade have no protection against the absolute demoralization of rates that we had periodically prior to 1902—”

Does that mean the reduction of rates?—A. It means that we would have another rate war.

Q. Which means, I assume, from your argument here, that rates would decline but for the Conference?

Mr. ATWATER, K.C.: Read the whole of the statement.

“—that we had periodically prior to 1902 with consequent reduction in service, and probably elimination of all but the strongest lines.”

The WITNESS: Rates would decline.

Mr. ATWATER, K.C.: And consequent reduction in service?

*By Mr. Symington, K.C.:*

Q. At the next page LL-1, you took exception to the statement of the Speaker in the House that if any line withdraws, that the other lines attempt to put them out of business,—have you ever known in your experience, Colonel, of a line withdrawing from the Conference trying to operate on this route?—A. No, I do not know of any.

Q. No. Have you known of lines trying to operate who were not in the Conference?—A. Yes.

Q. Name one, will you please, or perhaps I will suggest it to you. You know the Reardon-Smith Line?—A. I was going to mention it. They were the last.

Q. The Reardon-Smith Line had liners which ran a regular service across the Atlantic?—A. From New York.

Q. From New York or American ports, and what did the Conference do about that?—A. You would get that information better from a party who was present at the meetings; I was not.

Q. But you saw all these inter-communications?—A. No, I did not see them all.

Q. You saw some of them?—A. Very few.

Q. Have you not seen lots of wires that the New York Conference wants to quote a rate considerably below the Conference rate because Reardon-Smith will get the business, and Conference lines will not allow that, and for that purpose that rate is reduced. You have seen loads of those, have you not?—A. I have not seen loads; I have seen some.

Q. Several?—A. Some.

[Col. William I. Gear.]



*By Sir Henry Drayton:*

Q. Is there any doubt that the Conference would meet the competition?—

A. No, they meet it.

*By Mr. Symington, K.C.:*

Q. That is, they meet it by putting in a rate for five days?—A. That is correct.

Q. To meet that particular shipment on that particular line, and then the rate automatically goes back to the standard?—A. Not necessarily. I again request that you get that information from a party who was present.

Sir HENRY DRAYTON: Mr. Symington, is there a similar case in Canada?

Mr. SYMINGTON, K.C.: I do not know of any non-liner line that runs to Canada. I asked that, and he said they all belonged.

Sir HENRY DRAYTON: Or one that tried to run.

*By Mr. Symington, K.C.:*

Q. Do you know of one that tried to run?—A. No, I do not.

Q. The reason I am trying to bring this out is because, after looking through these minutes, it struck me as rather important for the committee to know the effect of a line running outside the Conference, and I asked you what was the effect with respect to rates in the line in which they are running; they were automatically reduced from time to time in order to meet that competition?—

A. I understand the rates were reduced from time to time to meet the competition, but they were never cut below the rate that the other line was quoting, and naturally if a line came into Montreal the same conditions would exist.

Q. The same conditions would exist. Very well, I am quite satisfied with that. Then at page LL 2, you say, "Grain, flour and cattle are absolutely open."—A. You have not read it all, sir.

Q. "Furthermore, in the list of eastbound rates promulgated by the North Atlantic Conference, no rate or agreement is made in respect to grain, flour or cattle, these rates being absolutely open."—A. That is correct, as far as the North Atlantic Conference is concerned.

Q. Do you think the Committee understands the situation with that statement?—A. That is a clear statement of fact.

Q. And you think the Committee know all they should know about the open rates?—A. I could not say.

Mr. ATWATER, K.C.: What is it you would suggest?

Mr. SYMINGTON, K.C.: I will get it from the witness.

*By Mr. Symington, K.C.:*

Q. Just let me ask, when did they become open?

The CHAIRMAN: Flour, wheat and cattle?

*By Mr. Symington, K.C.:*

Q. "Grain, flour or cattle," he says?—A. I cannot remember cattle ever being in the Conference.

Q. Yes.—A. Grain has certainly not been in the Conference for some years.

Q. About three?—A. I do not know; it is some years.

Q. I think I can inform you on that. Yes?—A. And flour since early last spring.

Q. Since early last spring. That was following the sitting of the Imperial Ring?—A. No sir, before.

Q. Now an open rate, you mean by your statement that the North Atlantic Conference in New York does not fix rates on these commodities?—A. Correct.

Q. But follow me and see if I have deduced properly what does happen. The Canadian Liner Committee, being all the members of the lines trading from Canada eastward meet and decide what these rates will be?—A. Yes sir.

Q. And they immediately notify by wire New York and the other sections of the Conference what rates they have fixed?—A. No sir.

Q. No? Are you sure?—A. Not always, as far as my knowledge goes.

Q. They are supposed to, are they not?—A. They never, as far as I know, advise at all on grain, and I do not think they ever do on cattle.

Q. I am speaking particularly of grain now, I think, if my recollection serves me. They meet and they—

The CHAIRMAN: "They?"

*By Mr. Symington, K.C.:*

Q. The Canadian Liner Committee meet and notify, as I read the arrangement made, the other districts what rates they have fixed.—A. I do not think so. If they do, I do not know it.

Q. At any rate, I refer to the minutes, and the Canadian Liner Committee, being all the liners trading from Canada, do meet and fix rates?—A. Yes.

Q. And that is what you mean by an open rate?—A. Yes.

Q. And that applies to flour and to cattle?—A. Not to cattle.

Q. That is, the Canadian Liner Committee does not fix cattle rates?—A. No.

Q. Never has?—A. They might have some time or other, but they do not do it now.

Q. Since when?—A. I do not know.

Q. How recent is that?—A. I am not prepared to say.

Q. It is recent, is it not?—A. I do not think so.

Q. When was the \$20 cattle rate fixed, and who fixed it?—A. I would think the \$20 cattle rate was in operation most of last summer, and as far as our lines are concerned I had to do with the fixing of it.

Q. And did you meet the other lines?—A. I did not.

Q. You just promulgated the rate yourself?—A. In talking with my seniors, I agreed to the rate.

Q. And who fixed the \$25 rate, when it existed?—A. I think I had a hand in that, too, if you are now referring to any of our ports.

Q. And the \$40 rate?—A. That may have been fixed by my Chief of Staff.

Q. But it was not fixed by the Canadian Liner Committee, any of these rates?—A. Not so far as I know.

Q. I cannot check you at the moment, but I think I will later.

Mr. ATWATER, K.C.: The \$40 rate was during the war.

Mr. SYMINGTON, K.C.: No, subsequent to the war.

*By Mr. Symington, K.C.:*

Q. Now, Colonel, you go on and discuss the various merits of this system, with the operation of the system, in the same language in which it is disclosed in the reply. Now, in connection with regularity of service, would you mind looking at the advertisement which the Chairman has brought in, and say whether the Conference has brought in any greater regularity of service than existed before its formation?

Mr. MONTGOMERY, K.C.: Would you give us the date of that Gazette, Mr. Chairman?

[Col. William I. Gear.]

The CHAIRMAN: May 16th, 1898, and the columns are intituled "Ocean Navigation."

Mr. ATWATER, K.C.: Are those pasenger sailings, or both?

The WITNESS: Mixed. I have no comment to make.

*By Mr. Symington, K.C.:*

Q. I see by the Reply of the steamship companies that this is predominantly a passenger route?

Mr. ATWATER, K.C.: What is.

*By Mr. Symington, K.C.:*

Q. On page 4 of the Reply.

"In the North Atlantic trade, sailings are regular, the boats are of the highest class: the rates uniform and fairly stable. The dominant importance of this trade is the passenger traffic."

A. What is the question?

Q. Do you agree with that?—A. I guess about 50-50.

Q. I am not trying to hold you responsible for the Reply, Colonel. I just want to know whether you agree that the dominant importance of the North Atlantic trade is the passenger traffic.—A. If you will eliminate the tramps, yes.

Q. And if there is a traffic which is predominantly passenger, that insures regularity of service, does it not?—A. It does. One moment; the freight lines also give regularity of service.

Q. Now, can you tell the Committee why, in a route predominantly passenger in importance, and in a freight route or mixed route, why the existence or non-existence of a Conference will stop a regular service, or do you prefer to rest upon that advertisement in the paper?—A. The main passenger lines, under steamers carrying passengers, also carry cargo, and the sailings of these steamers are adjusted to suit the freight requirements of the trade, and not the passengers.

Q. You mean the non-pasenger boats?—A. No sir, the passenger boats.

Q. Well then, does that indicate that the passenger traffic is not of predominant importance in this trade?—A. Oh no, but the fixing of the sailings is the requirement of a regular service for the freight business of the country.

Q. I was noticing, Colonel, in the Imperial Shipping Ring matter, that they took the view that the North Atlantic trade being so predominantly passenger, as an incident to the passenger route, regularity of service and class of ships existed.

The CHAIRMAN: I did not hear whether the witness answered that question yes or no.

Mr. SYMINGTON, K.C.: He nodded yes.

The WITNESS: No, I did not. I started to answer, and you shut me off.

Mr. SYMINGTON, K.C.: I beg pardon; I would not think of doing that.

*By Mr. Symington, K.C.:*

Q. I say I noticed in the Imperial Shipping Ring discussion of the matter they state that in the North Atlantic, which was predominantly passenger, regularity of service and class of ships were largely secured by that means.

Mr. MONTGOMERY, K.C.: Have you the reference to that?

Mr. SYMINGTON, K.C.: No, I have not.

The WITNESS: That class of trade does very considerably increase the betterment of the steamers in the trade, but the sailings of the steamers, the number of days of departure, are especially made to suit the freight part of the business.



*By Mr. Symington, K.C.:*

Q. Well, if they are passenger liners, they sail at fixed dates, do they not?—A. They do, and the dates are selected to suit the freight men.

Q. Then the next advantage you have is the greater security to capital. That is at page LL-3. "Greater security of capital." What you mean is that the Conference system which is run as you have described, provides greater security to capital?—A. Because it encourages capital to invest in tonnage, and thereby give a regular service, and if they had not the security they would not do so.

Q. I am not disagreeing with you, Colonel; in fact, I absolutely agree with you, that if you have a Conference fixing rates in this way, there is a greater security to capital. I quite agree. That is your view?—A. That is my view.

Q. Then at page MM 1 you give a list of further advantages, "cargoes delivered in better order" and so on. Can you tell us why that cannot be done, whether these liners are in or out of a Conference?—A. There is a greater feeling of security on the part of shippers in using a passenger liner.

Q. My question was, can you tell me why the cargo cannot be delivered in just as good order, whether the liners belong to the Conference or not?—A. Because the construction of a passenger boat is such that it enables a cargo to be stowed with less likelihood of breakage.

Q. I say, why cannot that be equally so whether these boats belong to a Conference or not?—A. Oh, as far as that goes, equally.

*By Hon. Mr. Stevens:*

Q. Mr. Symington, a very interesting matter just comes in under that heading, and if you do not mind I would like to ask a question. I base the question on this, a particular incident arising at Vancouver a few years ago. A tramp brought in a cargo of tea and it was very seriously damaged, but the ship got away before there was a final adjustment, and it was impossible to libel the ship in order to protect the shipper. I am speaking now from the shipper's interest only. I would like to ask Colonel Gear, if I might, in connection with liners such as the ones we are dealing with now, if a ship left port and there was later cause or desire to libel that ship for some alleged damages in connection with a suit, could a shipper secure recourse against the company? For instance, could he have as security other ships of that line which might be running into that port, although this individual ship was withdrawn?—A. They could if the company that owned the ship—I will say if the holding company that owned the ship, did not have separate companies for each vessel.

Hon. Mr. STEVENS: I notice my friend smiling a little and I suppose the suggestion is that I am seeking to interject something of a foreign character into this. I am not doing anything of the kind. I consider this one of the most important features of the question of protection to shippers. I am sure Mr. Duff will agree that the difficulty is how best to secure the shippers. My point is, is the shipper better protected if his cargo goes in regular liners than if it goes in individual ships?

The WITNESS: Yes.

Mr. SYMINGTON, K.C.: You will understand, Mr. Stevens, that I was not comparing it with tramps. I was asking why, if liners ran as liners in or out of the Conference, there would be any difference. I referred to one of the things you just mentioned—why the fact that they are in the Conference makes them any different than if they are out?

Hon. Mr. STEVENS: Supposing you bring out the point as to whether there is better security for the shippers. Let us think of the shippers for a moment if the witness has an opinion on that.

[Col. William I. Gear.]

Mr. SYMINGTON, K.C.: As between the liners in and out of the Conference?

Hon. Mr. STEVENS: Yes, as between the liners in and out of the Conference, or tramps.

Mr. SYMINGTON, K.C.: I think everybody will agree as to the tramps, but as between liners running in or out of the Conference, I wanted to find out if it would make any difference.

The CHAIRMAN: I think the witness said they were equal, if I recollect correctly.

*By Mr. Symington, K.C.:*

Q. Then, as a further argument, Colonel, at the next page, MM-2, you say that complaints come from foreign buyers if sales to them do not happen to be made on the lowest basis of cost and freight, as a reason for the existence of these rates, and under "D" you say that they buy from hand to mouth in rate-cutting times?—A. Yes, sir.

The CHAIRMAN: May I suggest a question before we proceed further on that?

Mr. SYMINGTON, K.C.: Certainly, sir.

*By the Chairman:*

Q. Are the owners of ships belonging to the Conference trading out of Montreal following the procedure of having each ship a separate company?—A. Is that a question to me?

Q. Yes, sir?—A. Probably some lines have, and other lines have not.

Q. Could you indicate which lines have, and which lines have not?—A. I cannot say which lines have not, but the Cunard Line is a large company running steamers; the White Star is another large company—

Q. But which companies have followed the plan of incorporating a special company for each individual ship?

Mr. ATWATER, K.C.: Similar to the Canadian Government Merchant Marine.

The WITNESS: I was just going to say the only one I know about is the Canadian Government Merchant Marine.

Mr. SYMINGTON, K.C.: We are not worrying about the security of that, Mr. Atwater.

*By Mr. Symington, K.C.:*

Q. At page MM-2, Colonel, you were suggesting that the buyers complain that they did not get their goods at lowest rate when there was a rate war?—A. Yes.

Q. And that they bought from hand to mouth?—A. Yes.

Q. It has been suggested to me that in the case of a rate war, the shipper prepays the freight, and quotes a rate to the purchaser?—A. That is quite possible.

Q. And of course it is better for them to complain than not to buy at all? Is that it?—A. I presume so. That depends on whether they want the goods or not.

Q. Then you say, "It is to the interest of the lines not to charge rates detrimental to the shippers?"—A. Yes, sir.

Q. But necessarily a clash of interests arises, does it not?—A. There is a clash of interests, but there is also a community of interests.

Q. Well, in the case of a clash, who settles it?—A. Oh, I suppose, the steamships.

Q. Let me remind you of an unfortunate situation—because I have it in mind—that existed for many years with respect to flour. You know that for years the Canadian liners maintained a higher rate on flour to the Old Country than from the American ports, do you not—A. At periods.

Q. Throughout a considerable number of years, and in the face of great opposition?—A. At periods, yes, but now it is not the same.

Q. No, now it is not. There has been a good deal of trouble arising from that?

Mr. ATWATER, K.C.: How long ago?

Mr. SYMINGTON, K.C.: I will give you the full details if you like.

*By Mr. Symington, K.C.:*

Q. And not only that, but they arranged with the New York Conference that no American vessels would take Canadian flour at as low a price as that for which they would take American flour, but they would charge the prices that the Canadian liners wanted to charge?—A. That is correct.

Q. So it could hardly be said that the interests of the two were at one there, could it, Colonel?—A. There were conditions which warranted the action of the Canadian liners.

Q. What conditions would justify a discrimination against a Canadian miller—a discrimination of that character?—A. The question of exchange, at that time.

Sir HENRY DRAYTON: But in New York how could there be any justification there?

Mr. SYMINGTON, K.C.: Yes, that is it exactly.

*By Mr. Symington, K.C.:*

Q. You say the question of exchange came in?—A. That was one of the items which had to be considered.

Q. The rate was quoted in Canadian money; it was not quoted in Sterling. My recollection is that the periods—and I will give them to you before we are through as far as I can get them—my recollection is that during certain periods the rate from New York would be 21 cents, and from Canada would be 26 cents, or even more?—A. I do not think there was that much difference.

Q. Yes, we got one of those in '15 and '19, as the Chairman says, and it was not Sterling, it was cents?—A. But the exchange from Montreal and the exchange from New York at that time, made quite a difference.

Q. You were paid in Canada with Canadian money?—A. Yes, but there was an exchange between New York and Montreal.

Q. What had that to do with it?—A. It had a great deal to do with it.

*By Sir Henry Drayton:*

Q. But if you had two bags of flour in New York, one Canadian and one American, how can there be any justification for a higher rate in Canada? It has been done, I know, but in my opinion, it was a grave mistake.

Mr. SYMINGTON, K.C.: As a matter of fact—

*By Sir Henry Drayton:*

Q. Is there any question about that being stopped and staying stopped?—A. We have stopped it, and it stayed stopped.

*By Mr. Symington, K.C.:*

Q. But what has not been stopped—and there may be a perfectly good answer for this, and I do not want to discuss the merits of it now—is that in

[Col. William I. Gear.]



the United States to-day by virtue of the intervention of the Shipping Board there is a differential on flour over wheat in goods shipped from the United States, is there not?—A. In point of an order, yes, but in point of operation, no; it is ignored.

Q. The minutes of the New York Conference do not seem to indicate that it is ignored?—A. It is absolutely ignored.

Q. But I think the Conference told the members who sat in with them that it was not ignored, and although they told them that, it is ignored?—A. It is ignored.

Sir HENRY DRAYTON: Will you just enlarge on that, Mr. Symington?

Mr. SYMINGTON, K.C.: The American flour millers represented to the Shipping Board that they were being discriminated against with respect to the old United Kingdom and other millers, because there was no differential that previously existed between the rates on wheat and flour.

Sir HENRY DRAYTON: Are you speaking of the ocean rates?

Mr. SYMINGTON, K.C.: Yes.

Sir HENRY DRAYTON: The miller is always hurt by a differential.

*By Mr. Symington, K.C.:*

Q. They fixed a five-cent differential?—A. Yes.

Q. And it got away beyond what it was in this country—too high; well, perhaps not too high, but beyond what it was in this country?—A. The differential to-day in New York is probably more than it is in Montreal.

Q. And as a result of that, the Shipping Board sent representatives to the Conference, and through those representatives they told the Conference they wanted this differential fixed, did they not?—A. I don't know.

Q. You were not there?—A. No.

Q. Some Canadians were there?—A. May have been; I was not.

Q. Do you know anything about the fixing, then?—A. I know that President Wilson instructed the Shipping Board to issue a notice of the five-cent differential just before he ran for the presidency, and thereafter it became obsolete.

Q. Perhaps we can put in the minutes that the millers pressed for a differential, and it was refused?

Sir HENRY DRAYTON: They do not want the differential; they want to get wheat and flour moving as soon as they possibly can.

Mr. SYMINGTON, K.C.: I do not think so. They want a smaller differential.

Sir HENRY DRAYTON: They want a smaller differential, but none at all if they could get it.

*By Mr. Symington, K.C.:*

Q. But the fact is that according to the regulations of the Shipping Board, and according to the regulations of the North Atlantic United Kingdom Conference, there is a differential between grain and flour from the United States to the United Kingdom, but not from Canada?—A. The differential is not recognized—

Q. It is recognized by the Conference. Whether it is followed or not, it is recognized?—A. It is officially recognized, but not followed.

*By the Chairman:*

Q. Colonel, you think it is a rule honoured more in the breach than in the observance?

[Col. William I. Gear.]

Mr. ATWATER, K.C.: Entirely in the breach.

The WITNESS: Altogether in the breach.

Hon. Mr. STEVENS: Perhaps I may be dense, but I would like to know what point we are trying to establish.

Mr. SYMINGTON, K.C.: The point I was getting at is that these rates fixed by the Conference discriminate against Canada.

Hon. Mr. STEVENS: I understood that to be asserted, but how, in what way, and to what extent?

Mr. SYMINGTON, K.C.: We will have to show the flour rates.

*By Mr. Symington, K.C.:*

Q. There is no discrimination, if you say it is treated as a dead letter, but, thereafter, as a basis of the differential, they did provide for a difference between Canadian ports and American?—A. I do not think the Conference ever passed that regulation.

Mr. SYMINGTON, K.C.: We will have to give you the minutes.

Sir EUGENE FISET: What is it now?

Mr. SYMINGTON, K.C.: Five cents a hundred.

The CHAIRMAN: What is the differential in Canada?

Mr. SYMINGTON, K.C.: I am having a sheet prepared and will let you know about it.

Mr. MONTGOMERY, K.C.: You might ascertain what it is to-day in practice in New York and Montreal.

Mr. SYMINGTON, K.C.: I will try to. The flour people will tell us about that with a good deal of indignation.

Hon. Mr. STEVENS: As a matter of fact, it is one of many complaints, and we ought to clear that up while we are on it.

Mr. MONTGOMERY, K.C.: For your information, I might say that the differential on to-day's market—to-day—is  $12\frac{1}{2}$  cents in New York, actually in operation.

Sir HENRY DRAYTON: From where did you get that, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: One of the gentlemen here gave it to me. It is the difference between  $7\frac{1}{2}$  cents and 20 cents.

Sir HENRY DRAYTON: Mr. Symington might check that up.

Mr. MONTGOMERY, K.C.: The rate on grain is  $7\frac{1}{2}$  cents, and on flour is 20 cents; that makes a difference of  $12\frac{1}{2}$  cents.

Sir HENRY DRAYTON: That is a tremendous difference.

The WITNESS: That is the New York rate.

*By Mr. Symington, K.C.:*

Q. Now, Colonel, at page MM-3 of your evidence, at the middle of the page, you said there that you deny any control by the New York Conference. We have dealt with that, already. Then you say: "We sit in New York with representatives from all other Atlantic ports, and I can, from personal knowledge, say that the products and manufactures of Canada have always been jealously protected and the St. Lawrence gateway kept on an equal footing with any other port." You have that, have you, Colonel?—A. Yes.

Q. Well, we have discussed flour on that subject, of course. Now, can you tell me why when the British port—whatever it was; a war port or a shipping port—had control of rates and were wiring out here to your Committee and to New York, that you fixed rates from Canada higher than from

the United States, charged during the war?—A. I was not in charge at that time. I was building ships in Ottawa, working for the Government.

Mr. SYMINGTON, K.C.: I was discussing the statement of the Colonel that they had always protected the St. Lawrence rate, and kept it on an equal footing, and I was asking him why, during the war when the British Ministry were fixing rates, and were wiring out to the Canadian Liner Committee, and to New York arranging these rates, he fixed a higher rate from Canada than from the United States.

The WITNESS: I was in Ottawa at the time.

*By Mr. Symington, K.C.:*

Q. You cannot answer that?—A. No, sir.

Q. Can you, as a shipping man, from your experience, give us any justification for that?—A. I do not know the first thing about it; I was in Ottawa.

Q. I ask you to accept for a moment that as a fact. Can you, as a shipping man, now give a justification for it?—A. I have no opinion to offer.

Q. I would like you, as an expert, to give us your opinion?—A. I have no opinion to offer as of war-time.

Mr. MONTGOMERY, K.C.: Is it a fact?

Mr. SYMINGTON, K.C.: Yes.

*By Mr. Symington, K.C.:*

Q. How does that jibe with your efforts to keep it on an equal footing?—A. I refuse to say anything about the war period.

Q. You cannot tell the Committee, as a man of great experience in shipping, why you think the Liner Committee, although in your absence, or the North Atlantic Conference, in your absence, should have fixed the rates higher from Canada than the United States?

Mr. ATWATER, K.C.: At what period was that?

Mr. SYMINGTON, K.C.: I will give that to you—

Mr. ATWATER, K.C.: I may say, Mr. Chairman, as perhaps the witness, Colonel Gear, may be too modest to tell it himself, that for a period of two or three years while the war was on he gave up his personal shipping business to come here and attend to the interests of the Imperial Government, and of the Canadian Government in connection with the building and superintendence of the steamships that were being operated on behalf of Great Britain and the Allies. So that for the period during that time, you could understand that Colonel Gear would probably say that he has no personal knowledge.

Mr. SYMINGTON, K.C.: I quite accept the Colonel's statement, with all credit to him. I asked him, as a practical man, to give us his opinion on that. I am not suggesting that the Colonel was not doing exactly as he should, but I was asking, as a matter of theory, why they did that.

*By Mr. Symington, K.C.:*

Q. You cannot answer that?—A. No, sir.

Mr. SYMINGTON, K.C.: I will get you those figures, Mr. Atwater, in due course. My recollection is that they were five shillings over.

*By Mr. Symington, K.C.:*

Q. I am trying to check their rates and am asking why their rates are higher from Canada than the United States. That is all. Then at page NN-2, you tell the Committee that so far as the Canadian trade is concerned, the trade in which you are so vitally interested, the Canadian Pacific Railway

[Col. William I. Gear.]



statement just published comments on other steamers' low earnings. Do you know what the profits of the C.P.R. were on their ocean service last year.—A. I do not.

Q. You are not suggesting to the Committee that they did not make profits? —A. Oh, no, I know nothing about them.

Q. You know nothing about them?—A. No.

Mr. ATWATER, K.C.: He says where he got his information.

Mr. SYMINGTON, K.C.: Yes, I see he says where he got his information.

Q. I find on reference to that report that the net earnings from the ocean and coastal steamship lines for 1924 were \$3,630,000.

Mr. ATWATER, K.C.: May I ask what you are reading from?

Mr. SYMINGTON, K.C.: From the Annual Report of the Canadian Pacific Railway, 1924, the same as the Colonel has.

Q. Do you know whether that is an adequate profit?—A. I do not, Sir. I do not know anything about it.

Q. So, in any event, as far as that remark is concerned you know nothing about what they are?—A. No.

Q. Then you refer to the Cunard Liners. You will know more about that, that they put on the St. Lawrence route the Caronia and the Carmonia. Do you know why they were put on the route?—A. Largely at our request.

Q. These boats carry and are fitted to carry large numbers of immigrants? —A. Yes.

Q. When the United States closed off their immigration these boats were on hand at Montreal?—A. In what way do you mean?

Q. Their usefulness, so far as United States immigration is concerned, was interfered with.—A. Their usefulness in the port of New York for passenger business was also prominent.

Q. I am asking you if their usefulness as immigration carriers was not considerably interfered with by the United States immigration laws?—A. The United States immigration laws have interfered with all boats going to New York.

Q. That was the reason for the switching of these boats to New York? —A. I cannot say.

Q. And the immigration service to Canada was very disappointing also? —A. It was.

*By Mr. Montgomery, K.C.:*

Q. Were these the boats that lost £6,000?—A. Yes.

*By Mr. Symington, K.C.:*

Q. Yes?

Q. From your experience the immigration business was a very profitable business was it not?—A. I cannot say.

Q. You refer to the tramp competition but with respect to tramps they must have a full cargo, must they not?—A. Yes.

Q. And in commodity rates, all package commodities, that is very little protection, is it not? It is very little protection.—A. I hardly follow the question.

Q. I say in commodity rates that is very little protection because there are very few full cargoes of commodities. I mean not grain but other commodities.—A. Tramps do not get package freights.

Q. So that to what commodities is the competition of the tramp limited? —A. Grain, lumber, pulp.

Q. Grain, lumber and pulp?—A. And flour, if they wish to use them.

[Col. William I. Gear.]

Q. And flour if they wish to use them?—A. Yes.

Q. Are all those rates open?—A. Yes, sir.

Q. Are they open because of the competition of the tramps?—A. Not necessarily. They are open rates.

Q. Not necessarily, but I rather gather that this is the reason they were declared open, was it not?—A. No, sir.

Q. Not the reason?—A. No, sir.

Q. What was the reason?—A. It was simply to meet the condition of the markets, the grain markets all over the world and we had to meet the conditions.

Q. This Liner Committee that meets with respect to grain rates, it keeps track of the tramps that are coming?—A. Yes, sir, as far as they can.

Q. And the contracts have been made for delivery so far as they can?—A. Delivery of what?

Q. Delivery of grain on the other side?—A. No. We don't mind that.

Q. The amount coming into the terminal?—A. Yes.

Q. And you fix your rate on grain, this open rate every morning, a minimum rate, do you not, during the season?—A. We fix a minimum rate whether it is every morning or every second day, as the case may be.

Q. And you fix a minimum rate that the liners ask for?—A. That is correct.

Q. Did you name to the Committee the commodities upon which Canada has the initiative?—A. I think we did.

The CHAIRMAN: He named one or two of them, but did not name all.

Sir HENRY DRAYTON: I think there are only three.

Sir EUGENE Fiset: Lumber, pulp, grain and flour.

*By Mr. Symington, K.C.:*

Q. Deals, was the only thing we got. Do you know the commodities upon which the Canadian liners have the initiative?—A. I do not.

Q. I thought that was very important?—A. Yes, but you cannot keep track of everything.

Q. There are only three.

*By Sir Eugene Fiset:*

Q. Asbestos, is that one?—A. I cannot tell you.

Q. You cannot tell at all?—A. No.

Sir HENRY DRAYTON: We have a new thing in pulp, opened a moment ago.

Mr. SYMINGTON, K.C.: Yes. I have traced that too.

Sir HENRY DRAYTON: Is that right?

Mr. SYMINGTON, K.C.: Yes. I think New York gave them permission. I will give you the reference. I cannot remember all these things. I have been hurrying through it.

Sir HENRY DRAYTON: So far as pulp is concerned, is pulp a free article?

Mr. SYMINGTON, K.C.: I think it is an initiative rate.

Sir HENRY DRAYTON: Initiative Canadian rate.

Mr. SYMINGTON, K.C.: They fix the rate, wiring New York; as I understand it they must wire New York a day and a night before so that their auditors can be notified to book at that rate.

Sir HENRY DRAYTON: So far as initiations are concerned you were down to deals, pulp, cattle, flour and grain.

Mr. SYMINGTON, K.C.: That is an initiation rate. There is a difference in the terms that they use.

Sir HENRY DRAYTON: A difference in terms?

Mr. SYMINGTON, K.C.: Yes.

Q. Tramps go where rates are favourable, you told the Committee, I think.—A. Yes.

Q. Where they will earn, where they will make earnings?—A. Where they will make earnings.

Q. And they soon smell it out?—A. They what?

Q. They soon find out do they not?—A. They do.

Q. Apparently there has been a considerable increase in tramps on the St. Lawrence route?—A. It was on account of the large movement of grain last fall.

Q. Profitable?—A. Profitable, I have no doubt to the tramp.

Q. Profitable to the tramp but not to the liner. Is that it?—A. It was a good rate, there was nothing to complain about.

Q. No complaint. That is good. Then you referred to a protection that we had at page OO-1,

“At present the world has over ten million tons of surplus tonnage ready to spring into any trade that will show a profit or even a semblance of profit.”

That means that that will not go into the trade until rates go up. Is that it?—A. So far as Canada is concerned there is no relief from that source apparently, with these ships lying in the harbour.

Sir HENRY DRAYTON: You should say “if rates go up or expenses go down,” if expenses go down it is the same thing.

The WITNESS: It is correct, if the rates go up or expenses go down.

*By Mr. Symington, K.C.:*

Q. Until one of these two things occur we, in Canada, can hope for no relief from that source, the tonnage coming in here?—A. No, I do not think you can.

Mr. ATWATER, K.C.: If you call it relief.

Mr. SYMINGTON, K.C.: And then the minute rates go up, so that all these boats get in commission, then there is a shortage of space.

The CHAIRMAN: A shortage of freight offering.

*By Mr. Symington, K.C.:*

Q. As soon as the rates go up sufficiently to make it profitable for these boats to operate then there is no surplus of space?—A. I don't understand what you are getting at.

Q. What I am getting at is this—A. I would like to enlighten you if I could.

Q. You may try?—A. Ask the question again.

Q. I will try it another way. You say, we have to safeguard against rates because of the ten million tonnage lying unused?—A. Yes.

Q. And that tonnage will come out as soon as rates go up?—A. Yes.

Mr. ATWATER, K.C.: Or expenses go down.

*By Mr. Symington, K.C.:*

Q. Or expenses go down. To-day then with the great excess of tonnage, rates are not low, are they?—A. Rates on grain? Very low.

Q. But satisfactory?—A. No.

Q. That seems to be one satisfactory rate, I thought you said a moment ago.

[Col. William I. Gear.]



Sir HENRY DRAYTON: Satisfactory to the tramp, I think you said.

Sir EUGENE Fiset: The liners, he said.

The CHAIRMAN: Last fall, I think he said.

The WITNESS: Last fall.

*By Mr. Symington, K.C.:*

Q. I am not discussing at the moment, when there is very little grain moving. Take last year, because it was a profitable rate and you said it was satisfactory to the liners?—A. Yes.

*By Sir Henry Drayton:*

Q. How much more were the tramps getting at that time.—A. They were getting about 11d.

Q. 11d more?—A. A quarter, on the average.

*By the Chairman:*

Q. How many bushels in a quarter?—A. 180.

*By Mr. Symington, K.C.:*

Q. The reason that the tramp gets more is because it can be diverted, wherever the importer want to send it, is that not it?—A. The tramp can go into the grain market as soon as the freight on grain advanced to a point at which it is profitable, somewhere in the neighbourhood of 3s a quarter and we claim that as soon as that takes place the tramp is a regulator of the rate. We cannot get anything excessive.

Q. Quite so, but I asked you the reason in answer to Sir Henry's question.

*By Sir Henry Drayton:*

Q. Why do the tramps get a higher rate than you?—A. They get a higher rate on account of being able to go to a range of ports and an increased market.

*By Mr. Symington, K.C.:*

Q. They will go to any port. Did that condition first, of the tramp carrying more than the liner, ever exist before last year.

Mr. ATWATER, K.C.: Charge more?

Mr. SYMINGTON, K.C.: Carry more.

The WITNESS: I did not look it up. I do not think so.

Q. It did not in 1923?—A. No.

Q. Did the condition exist that they got more than the liner any other year?—A. I did not look it up.

Q. You might look that up because it is rather interesting to know. Somebody informed me, and it is his opinion that I go on, that last year was rather a different year in this regard from previous years, certainly different from 1923?—A. What is it you want?

Q. Whether prior to 1924 the liners did not carry more than the tramps and whether prior to that the liners did not get a higher rate than the tramps.

The CHAIRMAN: If the Colonel has prepared a detail for a few years back, showing the division between the tramps and the liners as to the carriage of wheat from Montreal and as to the prices charged, give the information which is given for 1924, for several years before.

Sir EUGENE Fiset: And the period of the year.

[Col. William I. Gear.]

*By Mr. Symington, K.C.:*

Q. Then Colonel, at page 00-4 of your statements, along the same line, "the grain market being open, the market conditions govern". That is correct, is it not?—A. Yes.

Q. But in other rates you did not add this? I ask you if it follows in other rates that the market conditions do not govern?—A. They do not fluctuate.

Q. Now then, you told us as a justification for the liner Committee, at page 00-5—

The CHAIRMAN: He says they do not fluctuate. Does that mean the rates do not fluctuate or the market rates do not fluctuate.

Sir HENRY DRAYTON: They do not fluctuate with the markets.

The WITNESS: The rates do not fluctuate.

*By Sir Henry Drayton:*

Q. With the market?—A. With the market.

*By Mr. Symington, K.C.:*

Q. That is, market conditions do not govern. I take that as an answer, that they do not. At page 00-5, you say, "the Liner Committee ensures quicker action," can you give me any evidence of that, any particular thing you had, I mean where they ever got quick action out of the Liner Committee?—A. We had meetings with some of the shippers and have stated whether we could do anything or not.

Q. In any case where you did anything can you tell us where there was any speed shown?—A. Just at the present moment I cannot recollect anything.

Q. Speaking of pulp, you had it started sometime at the beginning of the year but did not get settled until the end, if I remember rightly. I will give you the reference. Do you remember the pulp episode?—A. No, I do not.

Q. Your Conference Minutes are numbered by a paragraph number 306 or any other number?—A. I presume so.

Q. You carry that through and if it is not dealt with we use the word "deferred to the committee." It is carried on through the Minutes so we can trace this speedy action pretty readily, can we?—A. I presume so.

Sir HENRY DRAYTON: That is also a relative term.

Mr. SYMINGTON, K.C.: Yes. I think so. At page PP-7, we give a certain percentage as of increases in cattle rates. Would you kindly give us the rates on which you base those percentages for the time?

The CHAIRMAN: Give us that question again.

*By Mr. Symington, K.C.:*

Q. If you will refer to the top of the page, you will notice he gives certain percentages on cattle rates. I was asking him for the rates upon which he calculated the percentages and the time those rates were in?—A. I will get that for you. I have omitted it.

Q. I am trying to get the increased cattle rates and when the cattle rates were.—A. I will get them for you.

Q. Thank you. Then you say as a reason why those rates should not be reduced, on the same page, "if the rates were reduced it would not be long before you would have the same complaint from the shippers that the rates were still too high." Is that the real reason you are relying on?—A. No, that is an opinion.

[Col. William I. Gear.]

Q. And then you go on and give some more opinions, and say the farmer would not get the benefit of it. Are you prepared to establish that to the committee?—A. That is my personal opinion.

Q. Based upon what?—A. That is a commercial axiom, I suppose, that the farmer would not get it, that the middleman would get the reduction.

Q. Based upon the opinion that the farmer never gets anything, is that it?

The CHAIRMAN: He gets it in the neck very often.

The WITNESS: If you want the farmer to get it you have to give him a bonus.

*By Mr. Symington, K.C.:*

Q. If you lower the rates he will not get the benefit of the reduction, in your opinion?—A. The middleman gets it.

Q. Now, you were asked—and I want to ask you again—why Canadian shippers use United States ports instead of Canadian ports. You dealt with that at QQ-2.—A. Whereabouts is that?

Q. QQ-3; I beg your pardon. You were asked "Why?" and you said, "Ask the exporters," I said, "Why do they use the New York ports?" and you said, "I do not know." Do you want to rely upon that statement?—A. In the winter time I suppose they find it a shorter rail haul.

Q. The rail haul is the same price, is it not?—A. The same price.

Q. But they still will not use the Canadian ports. What about the summer?—A. In the summer they largely use the Canadian ports.

Q. They largely use the American ports, do they not, more largely than the Canadian ports?—A. We have done pretty well.

Q. You have been down there, Colonel, of course?—A. Where?

Q. In New York harbour?—A. Yes.

Q. And you have been out through the river there, where they load these boats?—A. Only just seen them, that is all.

Q. You have seen the lighterage and floatage; the floating elevators and expensive ferry boats; can you tell me or tell this committee—because I have been there, and I wondered why we cannot ship cheaper on the Canadian route than on the American.—A. Why we cannot ship cheaper?

Q. Yes?—A. What class of goods?

Q. Any class of goods, it has to be lightered at New York no matter what it is, and we load at docks. Our grain goes out in barges and floating elevators in New York. Can you tell me why we cannot ship cheaper through the Canadian ports?—A. Because it costs the steamer more to come to Canada.

Q. So it is the ocean rate, is it?—A. It is the ocean rate.

Mr. MONTGOMERY, K.C.: Do you mean that the ocean rate is lower to New York than to Canada.

*By the Chairman:*

Q. I would like to interject this question, Colonel, if I may. Does it cost more to operate a ship from Liverpool to Montreal than it does to operate a ship from Liverpool to New York?—A. I have no knowledge of what the accounting is on the other side.

Q. What is your opinion; you must have an opinion on the matter?—A. Excuse me a moment. Have you any of those figures, Mr. Robb, with reference to the expenses to New York as against Montreal?

Q. Colonel, I am not asking merely what the port dues are, or what the discharging and loading expenses are in New York as compared with Montreal. What I am asking is, does it cost more to operate a ship from Liverpool to Montreal than it does to operate a ship from Liverpool to New York?—A. I am unable to give the figures; I have not got them.

[Col. William I. Gear.]



Mr. ATWATER, K.C.: That is, apart from her loading?

The CHAIRMAN: Exactly.

Mr. ATWATER, K.C.: That is the cost of navigation, or running.

The CHAIRMAN: From the time she throws off her hawsers at Liverpool until she ties up at the dock in Montreal, as compared with the cost of operating a ship from Liverpool to New York. I would have thought that an experienced gentleman like Colonel Gear could have hazarded an opinion, but if he has not the figures, and does not want to reply, I will not press the point.

Mr. ATWATER, K.C.: As far as this material goes, I think we can get the material, something definite, not a mere opinion.

The CHAIRMAN: Mr. Atwater and gentlemen of the committee, if it be true that certain Canadian shippers prefer to ship either through or by New York rather than through or by Montreal, we should know what leads them to that conclusion.

Mr. ATWATER, K.C.: There must be a reason, and we want to know what it is. I suppose that is it.

The WITNESS: The rates are the same on all classes of cargo except on grain.

*By Mr. Symington, K.C.:*

Q. Now, Colonel, you represent a good many lines. Do you know anything about the relationship or any interlocking ownership between liners and tramps?—A. I do not.

Q. The same in Great Britain, do you know whether people who are connected with shipping in a large way, owning stock in companies which own liners, also own stock in boats which operate as tramps?—A. I do not, sir.

Q. You do not know anything about that?—A. No.

Q. Now then, do you know anything about ship operation?—A. No, it is all managed in England.

Q. Mr. Cleminson did not know; I thought you would.—A. I will not venture an opinion.

Q. You do not know anything about what the ability of a steamer to pay depends upon?—A. No sir.

Q. Apart from rates fixed from the Conferences. That is the only dependability you know of?—A. All I have to do is load here.

Q. You do not know anything about stability for trade, or expense of operation, or anything else?—A. No sir.

Q. You would not like to venture an opinion as to any of these questions?—A. No sir.

Q. Now, Colonel, just to get before the committee the nature of these proceedings, these are the minutes of the Canadian Liner Committee, 1924, Exhibit 12 E. If you look at say page 218, the flour rates and the grain rates are fixed.

Mr. MONTGOMERY, K.C.: What date?

Mr. SYMINGTON, K.C.: This is December, the last one.

The CHAIRMAN: December 19th, 1924.

Sir EUGENE Fiset: Are these the minutes of the Conference or the Committee?

The CHAIRMAN: The Montreal Liner Committee.

The WITNESS: Why not get a man who was there?

*By Mr. Symington, K.C.:*

Q. I asked for him, but they insisted upon putting you in. You do not know anything about any of these minutes?—A. No.

[Col. William I. Gear.]

Q. So the Committee may fully understand, I want to ask you about these minutes, but you say you did not attend and you would not know anything about them?—A. Yes.

Q. Does that apply not only to the Canadian Liner Minutes but to the Conference minutes?—A. Yes sir.

Q. You would prefer that we find out about them from somebody else?—A. Yes.

Q. Well, there were a lot of things about these meetings I wanted to ask you, but if you prefer, and do not know about them, I will wait for somebody else, because I have made a lot of excerpts from them that I want to ask somebody about.

The CHAIRMAN: Is that all you want to ask the Colonel, except about the matters referred to at the Liner Committee meetings, or have you other questions that you would like to ask?

Mr. SYMINGTON, K.C.: That is all I have prepared now, sir. I tried to get ready as well as I could these Liner Committee minutes and wires and telegrams and certain agreements. I might perhaps ask about those.

*By Mr. Symington, K.C.:*

Q. You say, Colonel, that rates—it strikes me that rates are the same to everybody?—A. Yes.

Q. It is the habit of the Conference, is it not, to enter into agreements with large shippers, giving them a considerable reduction in rates, upon their signing an agreement to ship only by Conference lines?—A. Any shipper can have that.

Q. And you enter into forms of agreements. I will show you a form with Mr. John Doe, the well-known Mr. John Doe. Is that the form of the agreement used?

Mr. ATWATER, K.C.: What is this, Mr. Symington?

Mr. SYMINGTON, K.C.: I am asking the Colonel if this is the agreement you use when you give a lower rate if they only ship on Conference boats.

The WITNESS: I cannot say; that is the first time I have seen it.

*By Mr. Symington, K.C.:*

Q. You have not seen these?—A. No, I have not.

Q. As a matter of fact, I got this from the exhibits filed before the McMaster committee; that is where I found it, I may say. I think that is all I have to ask the Colonel then.

The CHAIRMAN: Now, gentlemen, it is ten minutes to six, and I was wondering if we had better go on or if we should adjourn. I have two or three questions I would like to ask the Colonel, and perhaps this might be an opportune time to ask them.

Mr. ATWATER, K.C.: I do not want to interrupt, Mr. Chairman; there were one or two questions we would like to ask the Colonel in re-examination, but perhaps it would be better to wait until you have asked your questions, because they might come better after the examination of yourself, and perhaps the members of the committee.

*By the Chairman:*

Q. Suppose there was no Conference operating in Montreal, Colonel, what would happen?—A. Well, sir, it would be a question of severe competition, and you would in all probability have less efficient tools to work with.

[Col. William I. Gear.]

Q. Now, just explain first of all what would be the effect of this intense competition. Would it bring down rates?—A. No doubt it would.

Q. Well then, what boats would survive?—A. Well, I suppose the Canadian Pacific and the Canadian Government Merchant Marine.

Q. Then are you of the opinion that the Canadian Pacific is a less efficient tool to work with?—A. No, they are most efficient.

Q. Then as far as that is concerned, we are not to dread poorer ships?—A. Not from them.

Q. You have not such a high opinion, perhaps, of the Canadian Government Merchant Marine?—A. They are fine boats.

Q. You say they are fine boats. In just what respect are they fine?—A. They are good tramp boats.

Q. They are not liners, as a matter of fact, at all?—A. They are a liner tramp, and they are good tramp boats.

Q. It sounds to me like a white blackbird, a liner tramp.

Sir HENRY DRAYTON: No, we had a liner freighter before.

The CHAIRMAN: Yes, but not a liner tramp.

The WITNESS: A liner freighter, and they are good boats.

*By the Chairman:*

Q. Now, in other words, Colonel, if there was no Conference there would be a rate war, severe competition, rates would go down and there would be a survival of the fittest?—A. In all probability.

Q. We would therefore get the ships which were best suited to the route and which could be run most economically, would we not?—A. That would depend on circumstances.

Q. What circumstances would operate against that conclusion that I have suggested?—A. You might not get the best boats.

Q. The best boats suited to the trade would be the ones that could survive, would they not?—A. Not always.

Q. Why not?—A. You might have an inferior boat, but still be able to get along.

Q. You would get all the boats that found the trade unprofitable given away, would you not?—A. In all probability.

Sir HENRY DRAYTON: That would depend upon whether they could find a better trade somewhere else?

The CHAIRMAN: Yes.

Sir HENRY DRAYTON: Wherever a boat could find a better trade, it would go. Otherwise I should think they would stay.

*By the Chairman:*

Q. The boats best suited to the trade would be those that would stay?—A. In all probability, but they would come and go just as the trade was offering, and in all probability you would have very lean periods when you could not get freights, and then you would have a rush like you have in the fall of the year.

Q. Now, Colonel, we had an experience in Montreal for a great many years prior to 1902 without any Conferences.—A. We did.

Q. We had a large number of liners running to Montreal in the years from 1890 to 1902?—A. We did.

Q. Now, can you remember times during which the Canadian export trade suffered by reason of a lack of tonnage to move our export goods to North Atlantic ports?—A. Just offhand I cannot.

[Col. William I. Gear.]



Q. If there had been any serious condition of that sort, with your intimate knowledge of shipping affairs in Montreal, you would be likely to remember it, sir, would you not?—A. I was trying to recall. I would likely remember it.

Q. Then is there any reason to dread in the future what has not happened in the past?—A. I would think there was a great deal to dread.

Q. Why?—A. Because the very fine boats that you have in Canada would seek trade elsewhere, if they could find it.

Q. Now, let us take the years 1895 to 1902. You recollect what type of boat went out of Montreal in that time, sir?—A. Yes.

Q. Now, I want you to consider what type of boat was trading out of Boston or New York at the same time. Let us take Boston, rather; Boston, I think, is a fairer comparison than New York. Take the type of boat trading from 1895 to 1902 out of Boston. Think of that. Then think of the type of boat that trades out of Montreal now and the type of boat that trades out of Boston now, and tell me whether there is any substantial difference in the relation between the Montreal and Boston boats of from 25 to 30 years ago, and the relation of the same classes of boats to-day.—A. I will look that up.

Q. Could you hazard an opinion?—A. I will look that up.

Q. Do you understand my question?—A. I do.

Q. Will you look it up before to-morrow morning?—A. No, I cannot do it that soon. It will take a little time. Between 1895 and 1902?

Q. Say the period from 1895 to 1902, Boston and Montreal, and to-day; a comparison of the relative qualities of the boats trading out of Boston and Montreal then and now?—A. All right.

*By Mr. Symington, K.C.:*

Q. To pursue that question a little farther: You said that boats would leave to go to another route. What would happen on that other route if the boats went there, as far as rates are concerned?—A. I guess they would add to the millions laid up to-day.

Q. The rates would come down on that route?—A. They would most likely lay-up.

The witness retired.

The CHAIRMAN: Gentlemen, when shall we meet?

Sir HENRY DRAYTON: At 2 o'clock to-morrow.

The CHAIRMAN: Is 2.00 o'clock satisfactory.

Several MEMBERS: Yes.

The Committee adjourned.



## MINUTES OF EVIDENCE

COMMITTEE ROOM,

HOUSE OF COMMONS,

FRIDAY, April 24th, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 2.00 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. Colonel Gear. I think Mr. Atwater has a few questions to put to you, sir.

COLONEL WILLIAM I. GEAR recalled.

MR. ATWATER, K.C.: May I ask if the Committee is quite finished asking any questions of the Colonel?

The CHAIRMAN: Were any members of the Committee desirous to ask Colonel Gear any questions, before Mr. Atwater begins?

SIR EUGENE Fiset: I think Mr. Duff had one or two questions, but he is not here.

*By the Chairman:*

Q. I do not know, Colonel Gear, whether you are in a position to answer the questions I propounded to you yesterday in regard to the difference between ships that trade out of Boston and those trading out of Montreal? What was the relative advantage one over the other, say, thirty years ago, and now?—A. That will take some days to get, sir.

The CHAIRMAN: There are one or two questions which have come to my mind, upon which I will ask your help.

*By the Chairman:*

Q. Under present day conditions, Colonel Gear, what is the size which has been found best for cargo boats, for economical and efficient operation?—A. I think about 8,000 tons.

Q. When you say "8,000 tons," is that registered tonnage or dead weight?—A. That would be dead weight.

Q. About what would that be registered?—A. Boats vary; I would not venture an opinion on that.

Q. Would the registered tonnage be less than one-half of the dead weight tonnage?—A. It is about two-thirds. I was looking to see if I had it.

Q. I might give you some of your own boats, of which I have been looking up the registered tonnage. Take your "Laconia." It has a registered gross tonnage of 19,680. About what would its dead weight be?—A. This is the Cunarder, running to New York.

Q. Is the "Cabotia" one of your boats?—A. Yes.

Q. That has a gross registered tonnage of 5,160. What would the dead weight be, about?—A. Her dead weight is about 9,000 tons.

MR. HOSIE: 8,500 tons.

The WITNESS: 8,500 tons.

*By the Chairman:*

Q. And do you say, sir, that is about the most economical unit?—A. In my opinion.



Q. Now, Colonel Gear, could you give me any idea of how the cost of building steamers to-day—1925—compares with, say, 1920?—A. 1925 and 1920?

Q. Yes, sir?—A. My recollection of 1920 was about £40 a ton.

Q. Was that about the peak, sir?—A. No; I think they were higher.

Q. My recollection is that in building our Merchant Marine we paid a little over \$200 per ton for the most expensive boats?—A. That is about correct.

Q. And the others averaged \$190 per ton?—A. That is correct.

Sir HENRY DRAYTON: I thought it was about \$180 a ton; that is my recollection.

The CHAIRMAN: Somewhere between \$180 and \$190 per ton.

*By the Chairman:*

Q. Were the building costs in England comparable to those in Canada?—A. I think they were, but I would suggest you ask one of the Englishmen who are here.

The CHAIRMAN: Does any other member of the Committee desire to ask any questions?

*By Mr. Kennedy:*

Q. I would like to ask one or two questions of Col. Gear. I think you stated in your evidence that there was no interference on the part of the United Kingdom Westbound Conference with the North Atlantic United Kingdom conference?—A. You mean the North Atlantic Eastbound Conference?

Q. I mean the North Atlantic Eastbound Conference and the United Kingdom Westbound Conference, or whatever Conference they have on the other side controlling rates westward?—A. They do not interfere with us at all.

Q. Well, how can you arrive at a rate that will give you a profit on the round trip, or do you figure that your eastbound rates must make your round trip profitable?—A. Our eastbound rate has got to make the profitable part of the voyage.

Q. Has it to make a profit on the round trip?—A. It has got to assist in the greatest measure in supplying the profit for the round trip, for the reason that we bring very little cargo westbound.

Q. That factor is always taken into consideration in establishing your rate?—A. Yes.

*By Sir Eugene Fiset:*

Q. There is one question I would like to ask. We have been dealing at the present time with three classes of boats. We have been given evidence in regard to the liners, and also evidence in regard to cargo boats; what I would like to ask is, can we get approximately the number of tramp steamers either in the Conference or belonging to any company that belongs to the Conference?—A. I do not know of any tramp tonnage being operated by any member of the Conference.

Q. Do any of those tramp steamers belong to any members of the Conference?—A. Not that I know of.

Q. Does anybody here know?—A. I don't think so, unless we took Lloyd's Register and went through it. I think you can take it that none belong to any member of the Conference.

*By Sir Henry Drayton:*

Q. The important thing is whether they operate them?—A. I do not know of any.

[Col. William I. Gear.]

Q. Are you sure they do not operate them?—A. I don't know of any; from my personal knowledge I don't know of any.

Q. Well, Colonel, perhaps it would be a good thing if you told us what your percentage of loadings is eastbound and your percentage west?—A. You mean the percentage of cargo westbound and the percentage of cargo eastbound?

Q. Yes.—A. Have you that, Mr. Robb?

Mr. ROBB: I have it here for 1924.

Col. GEAR: According to the Montreal Harbour Commissioners' statement for 1924 the import cargo amounted to 1,512,825 tons, and the export to 4,762,885 tons.

*By Mr. Symington, K.C.:*

Q. How much of that was grain for export—so that we can compare the commodities?—A. Barley 141,117 tons, buckwheat 507 tons, oats 176,691 tons, rye 571,879 tons, and wheat 2,940,837 tons.

*By Sir Henry Drayton:*

Q. Let us have your whole list, while you are at it?—A. That is all the grain.

Q. Let us have the other commodities—or are there very many?—A. I will read this, if you wish.

Q. No, do not go through all that. Can you tell us to what percentage the boats were laden on their outward or eastern voyage in the respective months? It has been suggested that we could perhaps do with less boats, and I want to see if that is so. Have you any figures showing your average loading; I suppose the amount of space taken would be infinitely smaller on the westbound movement than the figures indicate, because you have a very valuable cargo.—A. In all probability.

Mr. SYMINGTON, K.C.: I have taken off the figures, Sir Henry; 1,500,000 tons package stuff west and 931,000 tons going east, in 1924.

Sir HENRY DRAYTON: There is very little of that bulky stuff going.

Mr. SYMINGTON, K.C.: Going east, taking out the grain, there was 931,000 tons.

Sir HENRY DRAYTON: So that as far as merchandise is concerned, it is heavier west than east.

Mr. SYMINGTON, K.C.: About a million and a half.

Mr. MONTGOMERY, K.C.: I have a statement here which I intended to put in, showing the official figures.

*By Sir Henry Drayton:*

Q. Take the character of the movement into Canada, Col. Gear, is it largely package, or what is it?—A. There is a large amount of package freight, but last year there was a large amount of coal, and some corn.

Q. What is the coal tonnage?—A. A further deduction will have to be made.

*By Mr. Kennedy:*

Q. Did the liners carry coal?—A. An infinitesimal quantity.

*By Sir Henry Drayton:*

Q. We need not bother about that. What was the coal?—A. There was altogether 219,492 tons.

[Col. William I. Gear.]

Q. Anything else in bulk?—A. There was a large amount of heavy cargo; for instance I notice steel angles 2,692 tons.

Q. That is merchandise again?—A. Yes.

Q. Outside of merchandise, minerals or grain, or bulky stuff of that kind. I suppose you will be putting in an exhibit about that, Mr. Atwater, later on?

Mr. ATWATER: I can only give you the values, Sir Henry: I have not the quantities.

Mr. SYMINGTON, K.C.: That brings it down to 1,290,000.

The WITNESS: We have a large amount of other heavy cargo; for instance, Ferro-Manganese 9,525 tons; Firebrick 6,476 tons, Flaxseed 6,055 tons, Window Glass 12,640 tons.

*By Sir Henry Drayton:*

Q. You would not count window glass as bulky?—A. It is very heavy. Corn, 39,892 tons, Grindstones 1,430 tons, Iron Bars and Plates 7,037 tons, Pig Iron 2,987 tons, Iron Pipes 4,291 tons, Iron and Steel Scrap, 2,353 tons, Iron skelp, 1,815 tons, Lead Battery Plates 939 tons, Machinery 8,854 tons, Marble 2,115 tons, Molasses 13,627 tons, Creosote Oil 13,489 tons, Crude Oil 410,995 tons, Rags 3,395 tons, Phosphates 8,091 tons, Salt (Coarse) 22,817 tons, Steel bars, 6,418; billets and bloom, 6,025; steel plates, 4,343.

The CHAIRMAN: Would we not save the Colonel's time and our time if we had a list prepared and put in.

Mr. SYMINGTON, K.C.: It looks to me that it is an important list, consideration of certain features.

Mr. ATWATER, K.C.: Is that an official list of your own?

The WITNESS: This is the Montreal Harbour Commissioners'.

*By Mr. Atwater, K.C.:*

Q. Of the classification of the imports?—A. Yes.

Q. Sulphur is down there too?—A. Yes. Steel bars, 6,418; billets, 6,025; steel plates, 4,343; steel sheets, 8,851; structural steel, 2,824; unmanufactured plant, 3,496; raw sugar, 19,081 tons; sulphur, 18,989.

Sir HENRY DRAYTON: I would suggest, perhaps, to save time that that list be put in as an exhibit. We will then have all the information extracted; at our leisure we can go over it and see what is material.

The CHAIRMAN: Sir Henry Drayton makes a suggestion that appeals to me, that the witness put in this entire list as an exhibit and you can go over it at your leisure as well as the Members of the Committee. I am going to ask you to put that list in as Exhibit No. 42.

*Exhibit No. 42. List of commodities. (Not printed.)*

*By the Chairman:*

Q. There was a question that I did not quite finish. My mind went off of it. You told us that shipping was costing to build, in 1920, about £40 per ton. What is it to-day?—A. I can only speak from what I have heard, second hand information, at about £15.

*By Mr. Atwater, K.C.:*

Q. The deadweight ton?—A. Yes.

*By Sir Henry Drayton:*

Q. Is that tramp or what?—A. Tramp.

[Col. William I. Gear.]



Q. Would that be 'tween decks or just a cargo boat?—A. She would probably have a sheltered deck, 'tween deck.

Sir HENRY DRAYTON: I think we should get the speed of the boat while we are at that.

*By the Chairman:*

Q. What are the speeds of the two boats we are comparing, one built in 1920 and one built in 1925. Would they be the same speed?—A. About 9 and  $9\frac{1}{2}$  knots at sea.

Q. In both cases?—A. Yes.

Q. Does your recollection carry you to the ups and downs of ship-building cost from say 1914 to to-day?—A. No, sir.

Q. That would be readily available somewhere?—A. Yes, it is.

Q. Whom should we ask for that information? Who would be likely to have the most accurate information on that?—A. I will try and get it for you.

Q. Will you take a note and get it for us? If you are going to be at it you might make it out from 1900 down to date, the building cost.—A. To date?

Q. Yes.

Hon. Mr. STEVENS: That will be ascertainable from some of the large Clyde yards. I do not think the Colonel would have any difficulty in getting that. Have the tramps any organization or united control of operation or rates?—A. Not that I know of.

Q. If there is any such united control you would be likely to know of it?—A. Likely.

The CHAIRMAN: Are there any other questions, gentlemen. Mr. Rinfret?

*By Mr. Rinfret:*

Q. I just wanted to have this as regards the tramps; is there any stability of the tariffs that the tramps use during the same season; any parity as to the rates between the different tramps?—A. Not that I know of.

Q. Do I understand that the tramps have any parity of rates or one might be different from another. The rates might be different between tramps?—A. Yes.

Q. That is their business?—A. Yes.

*By Mr. Shaw:*

Q. I gather from what you said yesterday that in the fixation of the cattle rates you were the party who arranged that?—A. I was not the party. I was one of the number. I assisted at it.

Q. How many changes in cattle rates have there been since the war, say?—A. I will have to get you that.

Q. Could you tell me approximately?—A. No, I would prefer getting it and giving it to you accurately.

Q. Who are the Committee which has this matter in charge?—A. There is no committee, sir.

Q. Who are the individuals?—A. I consult with my staff and we settle the rate as far as we are concerned.

Q. I thought that the final conclusion in the matter was made by yourself.—A. Just as far as my own office is concerned only.

Q. Is there a uniform cattle rate between Canadian ports and English ports, a uniform cattle rate?—A. If there is a uniform rate it is a coincidence, and not formed by any conference.

Q. Do you know whether there is any difference in the cattle rates in the competing companies on the North Atlantic?—A. I do not.

Q. Well now, Colonel, with regard to the fixing of cattle rates for your own company what are the principles upon which you act?—A. As to what we can earn on other cargo.

Q. For example, can you give us a case? When did the last decrease take place?—A. Well the last fluctuation, I think, took place about the middle of last summer.

Q. Will you tell us if you can, Colonel, just all the considerations that were present in your mind when you made the decrease referred to?—A. We estimate what we can earn on other cargo.

*By Mr. Symington, K.C.:*

Q. Grain?—A. Any other cargo that we can get to put in the space and we take the relative earnings. I might say that we give a slight preference to the cattle-men.

Mr. SHAW: I wonder, Mr. Chairman, if we could get that information more in detail. I would like to know as to what was in Colonel Gear's mind when he made the last deduction. Would it not be possible to get that information, Colonel Gear?—A. Well, of course, when I make my deductions I do not, as a rule, keep the calculations but if you take cattle in the 'tween deck of a boat to-day at \$20 a head—I have one boat here before me which carries 203 spaces which gives \$4,060, without deducting expenses of the fittings or anything in that way, just a gross weight. In the space occupied by cattle cubically we could make to-day's rate on flour \$7,000, again not allowing for loading and discharging and so on.

Q. And then what would your charge be for cattle?—A. I would want about \$26.

*By the Chairman:*

Q. To make it as profitable for you as carrying flour?—A. Yes, to-day's rate.

Q. But you say you give a certain preference to cattlemen?—A. To that extent.

Q. The rate being to-day, what?—A. \$20.

Q. Why is the preference given to the cattlemen?—A. We have wanted, in connection with the Donaldson cattle carriers—we have always wanted to encourage cattle trade to Glasgow; hence we try to meet them as far as we can.

*By Mr. Symington, K.C.:*

Q. Who tries to meet them?—A. We, as representing the Donaldson Line.

Q. If they want to carry low you cannot prevent that. He says the Donaldson want to carry low and "we meet their wishes as far as possible."

The CHAIRMAN: He meant they met the wishes of the cattle shippers as far as possible.

The WITNESS: Your explanation is right.

*By Sir Henry Drayton:*

Q. I do not think your figures are right. You say the amount of cattle you carry gives you \$4,600.—A. No, sir, \$4,060.

*By Mr. Atwater, K.C.:*

Q. Are you reading from the figures, Colonel?—A. No.

[Col. William I. Gear.]

*By Sir Henry Drayton:*

Q. You say the same tonnage in flour will give you \$7,000?—A. The cubical space.

Q. That is the marine ton, I suppose?—A. The cubical space, filled with flour.

MR. SYMINGTON, K.C.: Would give about \$7,000? What is the flour rate?

THE WITNESS: 22 cents.

*By Sir Henry Drayton:*

Q. Then how do you make out that you would make up the difference, which is a difference of 75 per cent more any way.

THE CHAIRMAN: The cattle would walk aboard themselves and the flour has to be shifted.

SIR HENRY DRAYTON: He did not consider that question.

THE CHAIRMAN: Yes, he did.

*By Sir Henry Drayton:*

Q. How much do you allow for the space? Does that include the space occupied for hay, water and that sort of thing?—A. That includes ten thousand feet.

Q. How do you allot that to the beast, that ten thousand feet? How much per beast?—A. That is fifty cubic feet per feed.

Q. How many days is that based on?—A. That is based on a voyage of about ten days but we have to allow something extra for accidents.

Q. What allowance is made for water?—A. The water is taken in the tanks. I suppose we would have about two hundred tons of water for that lot of cattle.

*By Mr. Black (Halifax):*

Q. Do you have to pay for that water?—A. We have to at Halifax, not at Montreal.

THE CHAIRMAN: They have to pay in Halifax but get them free in Montreal.

MR. SYMINGTON, K.C.: Perhaps it would be a good suggestion for these to go in also so the cattle men can check them.

COL. GEAR: These are my private figures.

THE CHAIRMAN: Perhaps you will have a copy prepared.

MR. ATWATER, K.C.: I think we can promise to give a statement in figures my friend will be able to analyse.

SIR HENRY DRAYTON: I think it might be submitted in such a way that Mr. Symington will have the whole thing. We had the figures in the other Committee which were put forward as the reason for the rate, covering a whole lot of different things, which I think, probably, Mr. Symington will want to check and no doubt they will come up later on. For example, we should have particulars as to the amount, say for fitting. There is lumber and carpentering. We also had evidence in the other Committee as to the amount of charges on the boats having regard to the cargoes. I think we should have the whole thing.

MR. ATWATER, K.C.: There is the cost of going over and coming back and the space occupied.

THE CHAIRMAN: I understand, gentlemen of the Committee that Col. Gear will have prepared and we will place in the record, I hope at our next meeting, a statement giving the figures on which the cattle rate now obtaining is based.

SIR HENRY DRAYTON: What different things come into it?



The CHAIRMAN: It goes into the cost and is itemized.

Col. GEAR: I presume this will be treated in the same manner as the accounts.

The CHAIRMAN: That is the voyage account. I think that is fair, when these come in they will be treated confidentially.

Mr. ATWATER, K.C.: Naturally they do not want to reveal their method of calculation.

Sir HENRY DRAYTON: We have it all now.

Mr. McKAY: I notice in the steamship line in the report of W. T. R. Preston, in 1921 there were 301 tramps. In 1922, 209, 1923, 247 and 1924, 446. I would like to get the names of these vessels, of the tramps. (Page 16.)

Col. GEAR: Mr. Robb, will you get that from the Harbour Commissioners for me?

Mr. McKAY: Further, I would like to get the names of the individual owners, if owned by private individuals, or the names of the companies or syndicates, that own these vessels. I would like also to get the nationality of origin, if it is possible. I would like also to get the name of the port or ports of registration.

Col. GEAR: I will have to get that for you, sir, it will take a little time.

Mr. ATWATER, K.C.: I think the information might be obtained from some other witness than Col. Gear.

The CHAIRMAN: Col. Gear knows absolutely where to put his hand on the information. He is willing to assume the burden of getting it for us.

Mr. ATWATER, K.C.: I am not objecting at all. Mr. Robb suggests that the whole of the information is in the possession of the Harbour Commissioners in Montreal. They have it all; we will get it.

*By Mr. Symington, K.C.:*

Q. Colonel, do I understand that your firm represent all the cattle carriers?—A. No, sir.

Q. What other ones are there?—A. The Furness Line and White Star-Dominion Line.

Q. You say you do not fix the rates in Conference?—A. No, sir.

Q. Have you ever known them to be different from each other?—A. Yes.

Q. When?—A. I do not know when.

Q. I mean within a reasonable period of years?—A. I think they were different last year.

Q. When?—A. During the summer.

Q. When?—A. I have not got the date.

Q. What was the difference?—A. I think there were some cattle carried at \$22.50; I think there were some carried at \$15.

Q. By whom and when? Do you know the line?—A. The White Star carried them at a \$15 rate. I am not certain about the others.

Q. You told the Committee of course that you did not collaborate with the agent of the White Star, or any White Star people or Conference people about the rates on cattle?—A. We may talk about them, we do not collaborate as a Conference.

Q. You talk it over and decide what the rate will be?—A. No, we do not decide it in Conference; we may after we part.

Q. After you part?—A. I may decide what my own rate will be.

Q. Do you know your decision is what the others are going to decide?—A. I do not.

Q. You are sure?—A. I am sure.

Q. There is no rate fixed as between cattle carriers?—A. No.

[Col. William I. Gear.]

Q. In meeting or out of meeting?—A. No.

Q. No understanding?—A. No understanding, as far as I know.

*By Mr. McKay:*

Q. How do you account for the wonderful fluctuation in price on the carriage of cattle?—A. In the sale price?

Q. Ocean rates?—A. I do not know sir, I am not answerable for the others.

Q. Are the shippers, in the language of the Poet, always in suspense?—A. Not as far as my office is concerned.

*By Mr. Shaw:*

Q. I understand that stability in rates is one of the significant things which arise out of Conference meetings? Is not stability of rates desirable for cattle as well as other trades?—A. Well, sir, I do not know. It is simply we have not agreed on cattle rates. I suppose that is all there is to it.

Q. Why do you not talk at the Conference with regard to cattle rates?—A. I do not know, sir, simply do not confer.

Q. You discuss the matter?—A. We may discuss some and you might discuss some matter out in Calgary and go away and make up your mind what you will do.

Q. What is the purpose of having a discussion?—A. To try and find out what our neighbours are doing.

Mr. SYMINGTON, K.C.: I suppose they follow that rule about the sacred silence the Conference have?

Col. GEAR: It all depends on how communicative the individual is.

The CHAIRMAN: Shall I call upon Mr. Atwater?

Mr. HALBERT: Is there any discrimination in rates between Belgium and Germany as between Great Britain and Canada?

Col. GEAR: I do not understand that, sir.

Mr. HALBERT: Is there any discrimination in rates between, say Antwerp and Canada, and Liverpool and Canada?

Col. GEAR: I do not know. I do not know anything about the west-bound rates.

Mr. SYMINGTON, K.C.: How about east-bound? Do you know about that?

Col. GEAR: A little, not much.

Mr. SYMINGTON, K.C.: There are lower rates to the Continent than to the U.K.

Col. GEAR: Sometimes on some things.

The CHAIRMAN: Shall I call upon Mr. Atwater? Mr. Duff, have you any question to ask?

Mr. DUFF: I have been away and I do not know what has happened. Were you going to examine the witness, Mr. Atwater?

Mr. ATWATER, K.C.: If you have any questions.

The CHAIRMAN: Mr. Duff has not had an opportunity to look over the papers and perhaps you might usefully employ the time, Mr. Atwater.

*By Mr. Atwater, K.C.:*

Q. Colonel, in your cross-examination—have you got a copy of your evidence before you?—A. No, sir.

Q. If it is handy, I would like you to have it. At pages BB-2 and BB-3 you were asked about tonnage and ships coming into Montreal, and my friend, Mr. Symington, put in your hands a report of the Harbour Commissioners for

SPECIAL COMMITTEE

1906, showing the tonnage of the port and ships in the port. This appears on this statement from 1897 to 1900. Now I would like you to look at that statement?—A. I have it.

Q. Have you the statement of the Harbour Commissioners?—A. No, sir.

Q. I would like you to read in there about the years say from 1899 to 1902?—A. Those were the years preceding the Conference.

Q. What was the tonnage of these years at Montreal?—A. 1902?

Q. Before that, go back.—A. 1897?

Q. What is the first year?—A. 1897.

Q. Going back to question you, particularly with regard to these years 1897 to 1902?—A. 1897, 1,379,002; 1898, 1,584,072.

Q. Are the numbers of vessels given in the return?—A. Yes.

Q. Read the number of vessels too?—A. 1897, 796; 1898, 806; 1899, 801 vessels.

Q. Tonnage?—A. 1,517,611.

Q. 1900?—A. 726.

Q. Tonnage?—A. 1,393,886.

Q. 1901?—A. 742.

Q. Tonnage?—A. 1,453,048.

Q. 1902?—A. 7,581,541,272.

Q. Now that brings you down to the year of the Conference, Colonel, does it not?—A. That is the beginning of it, and the Conference began in 1904.

Q. Then go on to 1904.—A. 1903, 802; 1,890,904.

Q. And 1904?—A. 796; 1,856,697.

Q. Those are the years before the Conference, or up to the Conference of 1904?—A. Up to the Conference.

Q. Now just generally, from the statement you have before you of the Harbour Commissioners, can you say whether the tonnage of that port fell off after those years, during Conference years, so far as they are reported there—A. No.

Q. Take the first two or three years following the Conference; take 1905.—A. 833; 1,940,056.

Q. Yes?—A. 1906, 802; 1,973,223.

Q. Yes, 1907?—A. I have not got it.

Q. That is where you jump off?—A. That is where I jump off.

Mr. ATWATER, K.C.: Now, I would ask leave, Mr. Chairman, to file a statement showing the trade of the port of Montreal during the years 1890 to 1924. This is official, and gives the total number of seagoing vessels arriving in the port from those years that I have mentioned down to last year; the total tonnage; the value of the merchandise exported; value of the merchandise imported and the customs duties, if that is material. But I submit, as a result of this, there is a constant progression of tonnage coming to Montreal since the Conference, that so far from there being a falling off of the tonnage there is a constant progression of tonnage since the Conference, till in 1924 we arrive at a total tonnage coming to the port—and this is Montreal alone—of 4,096,251, as compared with a total tonnage in 1902, which was the year of the first Conference, of 1,541,272, and in 1904, 1,853,453.

The CHAIRMAN: You say this is official. From what source is it taken?

Mr. ATWATER, K.C.: If I can prove it by the Colonel I will.

[Col. William I. Gear.]



*By Mr. Atwater, K.C.:*

Q. Will you look at this, Colonel, and say if it is authentic and what it is taken from, so I can prove the source, if necessary?—A. It does not show the source.

Q. You do not know where it was taken from?—A. No.

The CHAIRMAN: Just tell us where it was taken from.

Mr. MONTGOMERY, K.C.: I think they are the same Harbour Commission figures.

Mr. ROBB: No, it is taken from the Customs returns of the Board of Trade.

Mr. MONTGOMERY, K.C.: If you check it with the printed copy, you will see they are the same.

Mr. DUFF: Does that statement give the increased business during these years, and show the imports and exports as well?

Mr. ATWATER, K.C.: In value.

Mr. DUFF: Has that increased in the last number of years?

Mr. ATWATER, K.C.: Undoubtedly.

Mr. DUFF: What is your point, then?

Mr. ATWATER, K.C.: That the Conference, so far from restricting—I understood that my learned friend's point was that it had restricted the amount of tonnage, and the amount of exports and imports of the port of Montreal, and I am showing that they increased from that date.

Mr. SYMINGTON, K.C.: Mr. Atwater need not bother about that, because I never made any such suggestion. The witness stated that because there was not a Conference, the ships were declining, and the port was declining, and that was put in to show that they were not.

Mr. ATWATER, K.C.: Then we are agreed on that point.

Mr. SYMINGTON, K.C.: Quite so.

Mr. ATWATER, K.C.: I understood that the argument was that the Conference had restricted the amount of tonnage.

Mr. SYMINGTON, K.C.: No; the witness stated they were falling off through the lack of a Conference.

The CHAIRMAN: As a matter of fact, Mr. Atwater, I do not think, this schedule which you have just put in differentiates between the tonnage coming in tramps and the tonnage coming in liners or Conference boats. However, this will be Exhibit 43.

*Exhibit 43:* Schedule of figures showing number of ships arriving, total tonnage and values. (Not printed.)

*By Mr. Atwater, K.C.:*

Q. Now, with reference to the number of tramps coming to Montreal, Colonel, is it not a fact that a great many of these tramps are of different nationalities?—A. Yes sir.

Q. Not only of British nationality?—A. Yes sir.

Q. And a great many of the cargoes, particularly of wheat, going out in them, go to foreign countries and foreign ports?—A. Some of them do, yes sir.

Q. Now on page BB 5 of your evidence, you are asked with regard to the shipper being given consideration or attending the Conferences, and you gave the impression to me, anyway, that the shipper was not considered at all by the Conference in their fixing of the rates. Is that the impression you intended to convey, Colonel?

Sir EUGENE Fiset: Will you repeat that, please?

*By Mr. Atwater, K.C.:*

Q. I say, the impression conveyed to me, and I think perhaps to the Committee when you were cross-examined, was that the shipper was given no consideration by the Conference in fixing the rates, that he was not asked there, and nothing was said to him, and his representations were not considered. You state that the shippers appealed to you to form rates which would be firm for a period. This was your language.

"I was personally appealed to by some of the shippers to quote rates which would be firm for a period. Is that correct?—A. Correct.

Q. Did they ask you to form a rate-fixing monopoly?—A. They did not ask us to form a rate-fixing monopoly. We have not got one.

Q. What shippers asked you to fix these rates?"

The impression I gathered from that was that you did not pay any attention to the requests or the suggestions that shippers might make to you, and I wanted you to explain that, if I am right or not.—A. The question asked is, here in the record, "Since that time, of course, the rates have been fixed by the Conference, as you told us, irrespective of the shippers altogether?" to which I answered "Yes." I misinterpreted the question, and understood it to mean that the shippers were not present at the meeting.

*By Mr. Symington, K.C.:*

Q. We were differentiating between the two periods. You said originally the shippers consulted you, and after the formation of the Conference you fixed them yourselves.—A. I wish to clear that up, that the shippers were not present at the meetings, but as I stated in my examination-in-chief, the steamship lines are very much concerned in trying to keep in every way the support of the shippers, and anything that they give us in respect to their shipments is most carefully considered at the meetings, and of course a final decision made.

*By Mr. Duff:*

Q. The Conference, of course, finally decides what the rate will be, after hearing the shippers?—A. Yes, but you will find during the course of the examination of one of my successors, that we have made numerous reductions.

*By Mr. Atwater, K.C.:*

Q. Your object, I suppose, the object of the shipping people is to satisfy their customer, the shipper, if possible?—A. The customer, certainly.

Q. The shipper, as a matter of fact, is your customer?—A. And without his good-will we would go broke.

Q. Now at page CC4 of your evidence you were being asked on the rates of grain, and I want to know what you have to say in regard to that. If you will look at the question put to you,

"Q. I am speaking particularly of grain now, I think, if my recollection serves me. They meet and they. . ."

then there was an interjection or two, and the question went on

"the Canadian Liner Committee meet and notify, as I read the arrangement made, the other districts what rates they have fixed."

I do not know what my learned friend meant by "other districts."

Mr. SYMINGTON, K.C.: The Montreal district and the New York district.

Mr. ATWATER, K.C.: You mean you characterize them as districts."

Mr. SYMINGTON, K.C.: That is their own language.

*By Mr. Atwater, K.C.:*

Q. Then you say:

[Col. William I. Gear.]

"A. I do not think so. If they do, I do not know it.

Q. At any rate, I refer to the minutes, and the Canadian Liner Committee, being all the liners trading from Canada, do meet and fix the rates."

Now is that correct, Colonel?—A. Not in the sense in which it is given here. I was particularly told and warned that the question was in regard to grain, but lower down, on account of the name "Liner Committee" being used, I misunderstood the question, and my attention was drawn this morning to the report in the paper. The grain rate is fixed by a Grain Committee.

Q. The rates on grain?—A. The rate on grain is fixed—. No, that is not right; you are leading me astray. The Grain Committee meet daily and arrange the daily asking minimum rate, and then each individual ship representative can ask as much higher a rate as he thinks the market will stand.

Q. Then there is a Grain Committee?—A. A Grain Committee, who arrange a daily asking minimum rate in competition with the New York and other markets.

Q. Shall I put it to you this way; there is no fixing of the rate?—A. No sir, no fixing.

*By Mr. Symington, K.C.:*

Q. A fixing of the minimum rate?—A. It is not a fixing; we simply arrange a minimum rate.

*By Mr. Atwater, K.C.:*

Q. And that committee meet every day and can arrange that rate, almost from hour to hour? Now, you were asked about the rates to New York as compared with the rates to Montreal. Do you know anything about the fixing of those rates by the Imperial Government or by the Minister at the time of the war, when boats were under Government control?—A. No. As I told you yesterday, I was in Ottawa, but the next witness will no doubt be able to give you all information regarding it.

Q. And you were also asked with regard to the dates of sailing of these liners carrying passengers and cargo traffic, and I think you told us those dates were fixed particularly to accommodate the cargo shippers, rather than the passengers. Am I right?—A. What page is that?

Q. I have not the reference to the page, but that was the effect of your statement, and I wanted to emphasize that in fixing these dates of sailings you had regard to the exporters?—A. The sailings of the steamers are arranged to meet the exporter's requirements, as he has to make weekly deliveries on the other side—

Q. That is what I wanted to get at?—A. —and these deliveries are arranged, I suppose, by them to suit their own individual markets; so that, in arranging the sailing dates, the lines try to adjust them to suit—and I am referring to the passenger boats,—the provision and other shippers, and when these dates are arranged, the passengers are requested to join the boats accordingly. The next factor is that once the date is fixed, the shipper is assured of a regular sailing, at almost a regular hour, because the passengers require that the hour and date shall be kept.

Q. And that enables the shipper to catch the market to which he is shipping as a certainty? He knows when his shipment will arrive?—A. He knows exactly when his goods, under ordinary circumstances, will arrive at their destination and be ready for the market to which he is shipping.

*By Mr. McKay:*

Q. You are speaking of the marketing of grain, or what?—A. Provisions, sir, which I have mentioned; eggs, all kinds of meats, butter and cheese.



*By Mr. Atwater, K.C.:*

Q. When you said in cross-examination that the Conference rates were fixed to give security to capital, does it follow that that prevented losses from time to time?—A. No, sir; it would not prevent losses. Our losses—which will be ascertained shortly—were very heavy during the past two years.

Q. And if I understand you rightly, the principal effect of this Conference was to prevent a war between the liners as to the rates on freight?—A. Which would eventually mean withdrawal of tonnage.

Q. Now, you were asked about flour rates. Is it a fact, and do you know whether it is a fact, that the subject of rates on flour is still under consideration by the Imperial Shipping Committee?—A. I have been so informed.

Q. And you told me already that you do not know whether the differential in flour rates as between New York and Montreal was fixed by the Government when the boats were under government control?—A. I am not personally aware of what was done.

Q. And are you aware, in the course of your business, that there was a difference established by the Government when the boats were under Government control?—A. I was so informed.

Q. So that, if that is so, even the British Government, or the Minister of Shipping, controlling it, recognized that there was an economic preference in freights via New York—if the rates were different?

Mr. SYMINGTON, K.C.: I might point out to my learned friend that I was stopped on this line, because I intended to put in the wires between the Imperial Board and the Conference, and I was stopped because I was told there was another witness who knew more about it.

Mr. ATWATER, K.C.: I do not want to infringe on anything that you were stopped in, Mr. Symington, but perhaps I can go this far:

*By Mr. Atwater, K.C.:*

Q. From the fact that the British Government did that, would it not mean that the British Government recognized that there was a difference?—A. That would be the conclusion.

Sir EUGENE FISET: I am not quite sure of that. I think, during the war, the business coming to us was such as to simply force us to accept what we could get, from Canada or the United States. We could fix the passenger rates, but as far as the freights were concerned, we had to accept what we could get.

Mr. ATWATER, K.C.: Yes, but my point is this. That during the war there was a difference between the freight from New York and Montreal which was recognized by the British Government.

Sir EUGENE FISET: On the same principle as the Conference was formed in 1902—

Mr. SYMINGTON, K.C.: The Conference quoted the rates to the British Government.

Sir EUGENE FISET: And the same thing existed in Canada.

Mr. ATWATER, K.C.: I quite admit that the witness does not know all the facts, and some other witness will probably know more about it, but I think I was perfectly justified in asking that question.

*By Mr. Atwater, K.C.:*

Q. Now, how about grain as a profitable cargo, Colonel Gear, as compared with other classes of goods? Is it a profitable cargo or not?—A. No, it is not, under certain conditions.

Q. I am told—I do not want to suggest anything to you—but I am told it is the least profitable cargo?—A. It is so.

[Col. William I. Gear.]

Q. Is it in any respect carried under better conditions by the liners—or more economical conditions—for themselves, from New York than from Montreal?—A. I do not know, sir. As I said yesterday, I will have to get the particulars on that.

Q. Is it ever used as ballast, and carried in that way?—A. All of the passenger steamers trading to Montréal require a certain amount of grain for ballast, and they must have it.

*By Mr. Symington, K.C.:*

Q. That applies to New York, also, does it not?—A. It applies to New York.

*By Mr. Atwater, K.C.:*

Q. There is a certain amount of Canadian grain going through American ports. Can you give any explanation of that?—A. Of Canadian grain through American ports?

Q. Yes, and of American grain through Canadian ports?—A. I cannot do better than read an extract from a report of the Royal Grain Inquiry Commission.

Hon. Mr. STEVENS: Is that the Turgeon report?

The CHAIRMAN: You had better give us the date, because there are so many of these reports.

The WITNESS: January 7, 1925, at page 145.

Hon. Mr. STEVENS: Is this an extract from the report itself which you are reading?

The WITNESS: Yes, sir.

Hon. Mr. STEVENS: Not the evidence of somebody else.

Mr. ATWATER, K.C.: No, it is the report.

*By the Chairman:*

Q. And you are adopting it, sir, as accurately expressing your own views?—A. Yes, sir. (Reading):

“THE EASTERN ROUTE; CANADIAN AND AMERICAN PORTS

While shipments of grain from Montreal make it the leading grain port of the North Atlantic it is well known that a large proportion of the grain shipped from there comes from the United States. On the other hand a large part of the Canadian export grain goes through the port of New York or other North Atlantic United States ports. There is a simple explanation to this apparently paradoxical situation. At all times grain will flow along the cheapest route to the Old World entrepôts. It is very sensitive to variation in freight rates. The rates that must be considered are not merely the Atlantic freight and insurance rates but the total of rates from the western terminals on the Great Lakes to the ports of entry on the other side of the Atlantic. When this is considered, a net difference of sixpence a ton in favour of one route over the other will attract the traffic.

New York possesses three general advantages. (1) Vessels come to New York from all parts of Europe and there are frequent sailings to these points. There are certain regular lines of steamers between New York and European ports with which at Montreal there is no regular connection. Since grain is an excellent basic cargo space for parcel shipment from time to time offers at very low rates. There is thus a variety of opportunity for securing favourable ocean rates on parcel shipments

that does not quite exist at Montreal. (2) Tramp steamers seeking charters lie off Norfolk where they are within convenient call of any of the North Atlantic American ports. A certain advantage attaches to this fact also. (3) On account of Montreal's position, the insurance rate is higher on hulls and cargoes out of Montreal than out of New York. The net result of these advantages is to give New York a slightly lower rate to Europe and the British Isles than Montreal.

On the other hand Montreal has two great advantages which counteract those stated above and, for a portion of the season at least, put her in a more favourable position. (1) Montreal is on the direct line to Europe from the Western States and while water navigation continues has the advantage of a cheaper and more direct mode of transportation. (2) The facilities for handling grain at the Port of Montreal are superior to those at the Port of New York. At New York the grain has to be loaded into lighters and towed to the vessel's side, and there elevated into the vessel by a floating elevator. At Montreal, the grain can be discharged into the transfer houses and spouted from there directly into the holds of the vessel.

We are now in a position to point to certain conditions which govern the flow of grain during the course of the year to these ports. The American harvest matures several weeks earlier than the Canadian. As a result the advantages of the St. Lawrence route attract heavy shipments from American Lake terminals to Montreal. By the time the flow of Canadian grain begins to assume volume, a large part of the American export of grain has been accomplished. On the other hand, on account of the lateness of the Canadian crop, the end of the grain shipping season is approaching on the St. Lawrence, before it does at the head of the Lakes. This fact is of great significance as explaining partly why so much Canadian grain goes via New York and other American North Atlantic ports. When the flow of Canadian grain is still vigorous, navigation on the St. Lawrence ceases. Commonly it closes about two weeks earlier than navigation on the Great Lakes. Hence the flow of grain for this latter period is deflected towards Buffalo or the Georgian Bay or lower Lake Ports from whence it will move to tidewater by rail. The end of the season finds these Bay, Lower Lake and Buffalo elevators filled with grain which will move out gradually during the winter. The grain carrying fleet on the Great Lakes takes a final cargo for winter storage and a large part of this fleet ties up at Buffalo for the winter. When spring comes, their grain is discharged and moves out chiefly via New York.

In the spring movement one additional factor is of importance. During the winter the Bay Port and Buffalo elevators have become emptied of their stock in store. The first movement of grain down the Lakes in the spring to these ports as the most expeditious route to tidewater. It will thus be seen that the explanation for a large movement of American grain through the port of Montreal and a large movement of Canadian grain through New York and other United States Atlantic Ports rests chiefly on seasonal changes affecting the St. Lawrence route.

*By Mr. Atwater, K.C.:*

Q. You have a copy of those proceedings, colonel?—A. Yes.

Mr. SYMINGTON, K.C.: Mr. Scott put in a separate report on that subject, at the back of that book.

Mr. ATWATER, K.C.: A Minority report.

[Col. William I. Gear.]



Mr. SYMINGTON, K.C.: No. They gave him special leave to put in a special report.

*By Mr. Atwater, K.C.:*

Q. At all events you make that statement for all practical purposes, your own, Col. Gear?—A. Yes sir.

The CHAIRMAN: Mr. Atwater, are these all the questions you wish to ask?

Mr. ATWATER, K.C.: Yes, I think so.

Mr. MCKAY: What was the question, Mr. Atwater?

Mr. ATWATER, K.C.: I asked him if a certain amount of Canadian grain passed through New York or American ports and a certain amount of American grain passed through the St. Lawrence, and he said he could best answer it in the language of this report, which he adopts.

The CHAIRMAN: Are there any other questions any member wishes to ask Col. Gear?

*By Hon. Mr. Stevens:*

Q. I would like to ask one or two questions. I brought up generally the question some time ago, Col. Gear, I do not know whether you were on the stand or whether it was Mr. Cleminson—regarding Port charges. You might be able to give some information upon that question. Have you any record with you to show a comparison between port charges as between the ports of Eastern Canada and New York.—A. The information which I am getting for the Chairman regarding New York and the St. Lawrence will include that.

Q. Perhaps you can tell us this, or answer a few questions; regarding sick mariners' dues, do those constitute a charge on the ship?—A. They do, and have always been objected to by the steamship interests, but we cannot get any redress.

Q. In regard to Port Wardens' dues, are they a charge on the ship, or on the cargo?—A. They are mainly on the cargo.

Q. Now, in regard to Port Wardens' dues, do they affect the fixing of freight rates?—A. No sir, they are so little that I would not consider they do.

Q. Pilotage; is that a charge against the ship?—A. That is a very heavy charge.

Q. Against the ship?—A. Against the ship.

Q. Is it taken into consideration when the rates are fixed?—A. All charges and expenses of operating a vessel have to be considered.

Q. On the pilotage question, on the eastern route was there some reduction made in the last two years?—A. No sir, no reduction.

Q. Was there an extension of time—I do not know quite the technical term to apply; I think the lower rate was extended over a longer period; is that correct?—A. There has been no change in the lower rates, it is the upper rates where the greatest advances have been made.

Q. What do you mean by the upper rates?—A. Between Montreal and Quebec?

Q. The rates up the river?—A. Yes.

Q. Are there any tonnage dues in the ports of Montreal, Quebec, St. John or Halifax?—A. There are no tonnage dues in Montreal. It is a free port and has been. There are shed rentals and top wharfage which have to be paid by shippers and importers but the port itself, so far as side wharfage is concerned, is free. At Quebec, they pay both side wharfage and top wharfage.

The CHAIRMAN: Explain to the Committee what top wharfage is.

*By Hon. Mr. Stevens:*

Q. What is top wharfage?—A. Top wharfage is paid on goods which pass over the top of the dock, and is called top wharfage.

*By Mr. Duff:*

Q. Is it paid by the shipper?—A. It is paid by the shipper and the importer, but it is nevertheless a tax on the route.

Q. On the ships?—A. The side wharfage is a wharfage charge against the ship laying up against the side of the wharf and it is paid by the ship.

*By Hon. Mr. Stevens:*

Q. Of those two charges, the side charge is paid by the ship and becomes a charge against the operation?—A. Yes.

Q. The top wharfage is paid for by the receiver of the goods in addition to whatever he pays for freight?—A. And is to that extent a deterrent to trade.

*By Mr. Symington, K.C.:*

Q. You have no side wharfage in Montreal?—A.—None.

*By Hon. Mr. Stevens:*

Q. In regard to Montreal you say there is no charge on tonnage?—A. No sir.

Q. That is, that no ship pays tonnage?—A. No ship pays tonnage.

Q. Either tramp ship or liner?—A. Yes sir.

Q. I think you said earlier in your evidence that the liners, however, all of them I understood you to say paid berthage or side wharfage—I presume they are both the same term?—A. No. To avoid any mistake, I will repeat that the ship pays no side wharfage in Montreal; the port is free to all tonnage, but the liner, having to have regular berths, has to pay rental for the shed that is used for the protection of inbound and outbound cargoes, which rental is payable to the Harbour Commissioners of Montreal.

*By Mr. Kennedy:*

Q. In addition to the cargo?—A. In addition to cargo. It pays wharfage to the Harbour Commissioners.

*By Hon. Mr. Stevens:*

Q. That is, over the wharf, which is paid by the receiver of the goods?—A. The receiver and exporter.

Q. I am really concerned with the other. This shed rental, why is that made necessary; or let me put it in a form of answer to my own question. Is it necessary, because the liner must have that berth at given and fixed periods in order to carry out its schedule?—A. A liner must have a berth to gather the cargo, to take proper care of it and have it ready to put on board as soon as what little cargo she has is discharged. A steamer must have a regular berth to go to on arrival, and as most of them are only in port five or six days, you can realize that we must have a berth, to take care of the trade.

*By Mr. Symington, K.C.:*

Q. In that connection, does a line with several ships take the same wharfage, or do the boats have several?—A. They will rent a shed or sheds from the Harbour Commissioners, and as the boats come in they occupy the berths.

*By Hon. Mr. Stevens:*

Q. Following the question up, I think we might make it perfectly clear in this way: a given vessel would visit a port say every 60 days, to take a

hypothetical case, and to have a fixed time for sailing or arrival the shed must be cleared and kept for that particular service at a fixed time?—A. It must.

Q. That applies to all liners?—A. All liners.

Q. It does not apply to tramps?—A. It does not apply to tramps.

Q. What does the tramp pay as a sort of compensating charge for that?—A. They do not pay anything. We think at times they should but they do not do so.

Q. That is virtually charged for regularity of service?—A. Yes.

Q. Do those charges and others, which perhaps I have not mentioned, constitute a substantial proportion of the expense of operation?—A. A very heavy expense; a very heavy portion of the operation.

Q. There was a statement made by a witness, or rather it was filed by Mr. Young, I think, to the effect that it constituted 40 per cent, I think it was, port charges. I have figured out the percentage in tow years as 40 per cent and 40½ per cent. These are simply my own figures, so I am not offering them. I only want to draw your attention to it, the port charges of the total expenditure of port charges against these voyages. Do you consider them unreasonable or reasonable, as a matter of fact; not as to what they should be, but as a matter of fact?—A. Well, I want to be fair, sir. As I understood the auditor these port charges included stevedoring and other charges. I do not think it would be fair to connect your stevedoring with your port charges.

Q. Oh, I see. I know they include all. What I am coming at is this, the stevedoring and port charges, etc., are combined but is that percentage represented here a fair one?—A. Unless I see the account I could not tell you. I have not seen them.

Q. But the port charges constitute a substantial expense?—A. Port charges, or rather the Chairman gave me the expression, "port expenses." All this is a very heavy charge against the trade.

Q. Do you think that there is a possibility of, as far as Canada is concerned, our control of our own ports, of reducing the port charges and thus contributing to the reduction of the freight rates?—A. Personally we have advocated that we should have free ports in Canada but we never make much headway getting it.

*By the Chairman:*

Q. There is just one question along this line which I want to ask the Colonel: Colonel, you have to pay a rent to the Harbour Commissioners for your sheds?—A. Yes.

Q. In the old days you owned your own sheds?—A. Yes.

Q. And you had to put them up and take them down every year?—A. Yes.

Q. As to the expense involved in that, in the rent you pay the Harbour Commissioners, is it larger or is it bigger than the expense you used to have for putting up and taking down your own sheds, taking into consideration the superiority of the sheds you are able now to rent?—A. We would be able to make a good few of the wooden sheds for what we pay the Harbour Commissioners in Montreal. The expense is very much heavier now.

Q. But the accommodation is very much better?—A. We have splendid accommodation, I have nothing to say about it. It is fine.

*By Mr. Symington, K.C.:*

Q. The question I wanted to ask was, if the liners succeed in getting the Government through the Harbour Commissioners, to give free sheds and the rates are fixed in New York on the basis that they are to be the same in



Montreal and New York, would the shipowner get the benefit?—A. I think the matter would receive the very careful attention of the shipowner.

*By Mr. Duff:*

Q. Is not this rental which you pay to the Harbour Commissioners really a side wharfage charge or paid instead of a side wharfage charge?—A. No. I want to make it perfectly clear that there is no side wharfage charge in Montreal. What we pay for the sheds is not clear. The port of Montreal is free and any ship can come in and go out of Montreal without paying any dues.

Q. I understand that, but nevertheless, the cost of keeping up these wharves is a very large amount and the Commission or somebody must be paid for keeping them up. As I understand it the shippers pay rentals instead of side wharfage. For instance in Halifax and St. John the ships pay side wharfage and do not pay a rental for the sheds. In Montreal you pay a rental but not side wharfage. That is the same thing, is it not?—A. It is not the same thing because we are very proud of the port of Montreal being free and the Harbour Commissioners may put in their harbour charge something in the front wharfage that we do not know of. We would have to get their accounts up with the Committee.

*By Mr. Johnston:*

Q. I would like to ask Colonel Gear, from his long experience in shipping in the North Atlantic, if he would say or does he think that there are too many ships for the tonnage offering to-day or the cargo offering?—A. The steamers might be reduced, I will admit, but I would hate to be around when the howl took place in the trade. The trade want the whole of the service. They want weekly sailings for every port and if they do not have a ship there then we hear of it. The shippers are demanding the service and we are giving it.

Q. Your answer is that all the ships are necessary.—A. In that way, yes, sir.

Q. I think you gave figures to show that west bound they are only carrying about one quarter of what they are eastbound, one quarter of the tonnage?—A. It would be less than that when you have examined those figures.

Q. Is there any remedy for that, something that we could do or that the people of Canada could do, to assist in remedying that condition?—A. If you were desirous of destroying all your manufactures.

Q. If there was a greater tonnage or cargo offering westbound you would naturally be able to reduce your rate if you had a full cargo both ways?—A. It would be all taken into consideration.

Q. Is not that evidence that you could do business for less money if you had a cargo both ways?—A. That would be the economical condition and it would receive every attention.

*By the Chairman:*

Q. In other words, Colonel, you say that you could but you do not say that you would?—A. Oh, no, don't.

Q. It seems to me a fair translation. Am I wrong, Colonel?

MR. ATWATER, K.C.: You might suggest a remedy for the want of west-bound cargo by adopting free trade?

THE CHAIRMAN: I would not hesitate to suggest that remedy, not for a moment.

SIR HENRY DRAYTON: The Chairman would not do that and the reason why he would not do that is very plain; he wants to get loadings for the westbound movement and he knows very well that if Canada adopted free

trade England would be under a still greater disadvantage in this market than she is at present, having regard to the United States. Everybody knows it.

Several MEMBERS: Hear, hear.

Mr. SHAW: May I ask a question? I want to direct your attention for a moment to the question of rates. What would be the effect of the existing rates if ten more ships are put in the North Atlantic trade working in co-operation with the Canadian Government Merchant Marine, both outside the Conference. Would it raise or lower the rates?—A. Do you mean if the ten ships were to be put into the market and worked with the rest of us without cutting rates, what would be the effect?

The CHAIRMAN: Repeat your question, Mr. Shaw.

*By Mr. Shaw:*

Q. You understand the terms of the Petersen contract, so called?—A. Yes.

Q. Now, what I want to know is, if ten more ships are placed on the North Atlantic in co-operation with the existing Canadian Government Merchant Marine service there, both these lines outside the Conference and the commodity rates subject to Government control, what is going to be the effect on these North Atlantic freight rates? Are they going to be raised or are they going to be lowered?—A. You would create a new economical condition, with the Government compelling any line to quote rates which they would make. You may have one of three things as a result; the lines might decide to stay out and allow the other line to carry the cargo or they might meet the conditions, reduce their rate or meet the new rate. I suppose the third condition would be that the Government would order the line that they had subsidized to reduce their rate. Economically, in course of time, you would destroy your trade to the St. Lawrence. I think we would have to meet the rates. The final result would be general demoralization, for the reason that the trade is international. That seems to be a point that is really not controlled. We are in an international market so far as the United States are concerned. We are competing in Chicago just as keenly as we can compete to bring the goods this way to the advantage of the two big railways, who have very long stretches of lines and who would very keenly feel the lack of such freight. A reduction in rate in Canada would force at once a reduction in rate in the United States, because the United States Shipping Board, on pressure from the packers in Chicago, could not see their rivals in Canada shipping at a lower rate than what they are doing. You would thus have the United States Shipping Board reducing their rate and with the United States Shipping Board reducing their rate and our reducing it you would finally have a reduction in the space and you would have a likelihood of some action being taken by Washington which would be most detrimental to the trade in Canada. The Canadian Pacific Railway would have probably to stay in the trade because they are so much bound up in it, but it seems to me that that is the demoralization which would occur. The damage that you would do the freight on the St. Lawrence would be, that, instead of benefiting Canada, you would create a financial condition which would be pretty hard—Well, I would not want to contemplate it. Already England is not looking very favourably on this side for their financial investments and to create another condition would, in my opinion, still further alienate the English money market from the conditions in Canada and, as I said, I would hate to contemplate the conditions which might arise between Washington, who would put on—they would have to for self-protection—regulations which would interfere with the free traffic which we have to-day freely from coast

[Col. William I. Gear.]

to coast and then have to go elsewhere than London for our money. We get too much from New York now.

Q. If I might put it, sir, do I understand this to be the situation, that if government control, by way of the Petersen Contract, became effective and resulted in a reduction of freights pursuant to the Government's direction that the immediate results would be that the lines would have to meet the lower rates? Then you say that lower rate conditions might subsequently result in demoralization and lead into international complications of the first magnitude, that is the situation?—A. That is my view of the situation. It would be damnable for Canada.

*By Mr. Rinfret:*

Q. I happen to have some connection with the Union of Longshoremen, Montreal?—A. They are very nice men, too.

Q. I was told by some of their representatives that when they met the shipowners' representatives this spring to fix their wages they were given to understand that their wages could not be increased because the shipping companies expected to have to lower their rate if the Petersen contract was put through. Did you know anything about that?—A. I was not present at the meeting.

Q. You were not connected with the matter?—A. No.

*By the Chairman:*

Q. Colonel, you have based your idea or your assumption of disaster to the business on the ground that the Government would reduce or cause to be reduced freight rates to an unprofitable basis. Have you any reasonable ground for that assumption?—A. The contract.

*By Mr. Duff:*

Q. Following the question you answered a few moments ago would not your fears be disabused if it could be shown to this Committee that at the present time the steamers are charging rates which might be lowered without affecting the dividend or business of the steamers? It it could be shown steamers could reduce their rates ten per cent without hurting them very much, wouldn't that mean the steamers would come to Montreal and compete with the Petersen steamers and get 25 per cent of the cargoes inwards and outwards? A. Mr. Duff, you have been told and I am sorry the word of our auditor has not been accepted. You have been told we are losing money at the present rates. We have lost money for two years. How can we take another ten cents per hundred pounds or ten per cent or any price without losing further sums of money. If you can tell us how we can find money out of the sea I would like you to say.

Q. You admit you have lost money in the last two years?—A. Yes.

Q. Why as a business man, and perhaps business men in Canada and Great Britain, why do you not increase your rates in order not only to make it square, but make a big profit?—A. We would have had to advance them probably another twenty-five per cent. I do not know what the people of Canada or the Government would have said if we had done it.

Q. It is not the Government's business or the people of Canada's business?—A. Yes.

Q. If you have been losing money in the last two years I want to be shown whether you or anybody else can prove that. I am going to say right now that the steamers—if that is so—have not only the right to continue the present rates, but would be justified in increasing the rates?—A. Well—

Q. I am not sure whether the steamers are losing money or making excessive profits. You say you have been losing money for the past two years



and I would like to hear how that has happened and you have not increased your rates.

Mr. ATWATER, K.C.: I am told he increased the rate.

Col. GEAR: We did, but not sufficient.

Mr. ATWATER, K.C.: Is it not a material fact in answering the question—

Mr. DUFF: Let him answer himself.

Col. GEAR: I am sure when you see the accounts, whether they are seen by whatever auditor is appointed, that you will be fully satisfied. I want to say and it seems to be overlooked that while there has been a twenty-five per cent increase in rates, the twenty-five per cent increase did not apply to our main product. That seems to be lost sight of. The grain rate—and grain is the backbone of Canada—has not been increased. It fluctuates with the demand for it, and it was no higher, I think, or if it was, it was only a few pence, it was no higher last year than it was in 1914. The farmers of Canada have absolutely no complaint to make so far as comparative rates are concerned. It is true some of the other trades thought that something ought to be done somehow. We will prove to you, I hope to your satisfaction, the losses have been made.

Q. You say for the last two years these Conference steamers have lost money?—A. Yes.

Q. Very good. How do you fix these rates? How are they decided? As I said a moment ago the men who own these steamship companies are business men in the United States and Canada, the best business men. How do you determine the rates on different commodities?—A. We have to take the unit of value shipped, calculate what we have to carry over bare costs, such as grain, and with the balance we have to adjust the rate, that is taking dead weight measurement and carrying cost, risk of carrying goods as regards their value and likely heavy claims and all these little items enter into consultation.

Q. You are not doing that, you are losing money. I want to know why you business men have been losing money for the last two years and not getting a rate to pay expenses and give you a profit?—A. We have been living in hopes that old conditions would return and times would improve.

Q. That is not sound?—A. That is so.

The CHAIRMAN: Colonel, you said one of the considerations upon which you based the rate was what you would have to get per cubic ton, cubic ton of your boat in order to break even?—A. If the boat is to break even and simply pay depreciation one would require I suppose in the neighbourhood of 25 shillings a ton.

Q. With depreciation or without?—A. That would cover—

Q. With depreciation?—A. No.

Q. A full cargo?—A. That would be reasonable with depreciation. We would require to get 25 shillings.

Mr. DUFF: Right through?

Colonel GEAR: Full cargo.

Mr. SYMINGTON, K.C.: Both ways?—A. No.

Mr. SYMINGTON, K.C.: Do you mean a full cargo both ways or one way?—A. We only take care of the eastbound.

Mr. SYMINGTON, K.C.: Just one way.

Col. GEAR: One way.

The CHAIRMAN: A tenth of a cargo coming back.

Col. GEAR: I am not prepared to say.

The CHAIRMAN: About \$6?

Col. GEAR: You had better ask the auditors.

*By Mr. Duff:*

Q. Colonel, you said in your evidence, your direct evidence, there was no rate fixed as far as the Conference is concerned, regarding their steamers. Is that right?—A. Yes.

Q. Well, now as far as the liners or conference steamers are concerned, is it not a fact although tramp steamers may get more or less, probably a quarter of the grain, is it not a fact all the conference steamers charge the same rate? There is no competition as far as Conference steamers are concerned. That is the only difference between conference steamers and tramp steamers?—A. The tramp steamer does not enter into competition with liners except for grain or similar cargo. They do not take any other kind.

Mr. SYMINGTON, K.C.: He explained that. They met every morning, the liners fixed the grain rate.

*By Mr. Duff:*

Q. What I am asking is this: We understood from his evidence yesterday that the Conference steamers receive a smaller rate on freight than tramps, is that not right?—A. On grain.

Q. On grain, flour and cattle. Is it not a fact that the Conference steamers—it is a well known fact that the tramp steamer sometimes gets a larger rate or greater rate than the Conference steamers?—A. For grain.

Q. I am talking of grain, flour or cattle?—A. You must eliminate flour and you must eliminate cattle.

Q. We will take grain, is that right?—A. Yes.

Q. Tramp steamers get more?—A. On an average.

Q. Is it not a fact that the steamers in the Conference, in spite of the fact the tramp steamers may get more on grain, the conference steamers all get the same rate; there is no difference?—A. Sometimes it varies.

Q. Do the conference steamers fix the same rate? For instance if three steamers are loading they get the same profit?—A. Yes, precisely.

Q. That does not affect your profit, the fact that sometimes a tramp gets more?—A. No, it does not affect the conference in the least.

Q. That also applies to the bulk cargo carriers outside of the liners?—A. There are no bulk carrier cargoes outside of the tramp.

Q. The conference lines have cargo boats, or bulk carrying boats, have they not? For instance the Canadian Pacific have boats which are really freight boats entirely?—A. They are freight boats.

Q. That is cargo boats?—A. There is a difference in your meaning and mine.

Q. Is it not a fact, Colonel, that there is a reason why tramp steamers get higher rates on grain than liners? For instance, let me explain, brokers in Winnipeg have a certain quantity of grain to move, say twenty million bushels and they communicate with brokers in Liverpool that they want to move twenty million bushels and the brokers in Liverpool apply to the steamship brokers and they wire away for and get certain tramp tonnage. For instance there is one in Buenos Aires and one in Bahai and they can supply ships to carry that cargo of grain at a fixed rate. The Conference steamers find out this fifteen million bushels are to be moved by tramp steamers and for that reason in order to get the fifteen million bushels the Conference steamers underbid, if necessary; is not that the way it is done?—A. I have already explained how it was done.

Q. I do not remember the explanation.

The CHAIRMAN: I think, perhaps, you were not here.

The WITNESS: The Grain Committee meets daily to arrange quotations for grain on a minimum basis, simply a daily rate, and they of course take into consideration all the market conditions and quote accordingly.

*By Mr. Duff:*

Q. In other words, if there were no tramp steamers offered to carry this 20,000,000 bushels, your committee would meet and fix a rate to suit themselves, and not be goverend by the rate the tramp steamers get?—A. No, sir, they have to be governed by New York, whom they cannot ignore, no matter whether they are tramp steamers or not.

In other words, New York fixes the rate?—A. No sir, New York does not fix the rate; we arrange our own rate.

Q. Why do you say we have to be governed by New York?—A. Competitive market.

Q. But if this grain is to be moved out of Montreal.—A. It can go to Buffalo.

Q. But if it is in the Montreal elevators?—A. I would love to see it in Montreal elevators; I have never seen it in my life.

Q. I am afraid you have never been down at the water front.—A. 15,000,000 bushels in Montreal elevators would be a godsend.

Q. Do you not have more than that?—A. No sir. I do not think you would find 15,000,000 bushels of wheat.

Q. During the whole season?—A. You said at one time.

Q. No, I did not. You said it, and I just asked you the question. Now, you said that the liners must have grain for ballast. They do not have to have it, they can have something else, can they not? For instance, they could use water for ballast if they could not get grain?—A. No sir. There is not a passenger liner, which is the main one we are talking about, but, what requires some grain over and above the water ballast.

Q. What would happen if there was no grain?—A. She would stay in port till she got it.

The CHAIRMAN: Any further questions?

*By Mr. Symington, K.C.:*

Q. Just one question I overlooked, in the matter of production. Colonel, did your company get a cable from the Cairns-Noble Company last June, instructing a conference with the Minister of Trade and Commerce on the question of cattle rates?—A. We may have.

Q. If it came, you would have it, would you not?—A. Very probably.

Q. Would you look it up? It was about the 5th or 6th of June, 1924.—A. Yes.

Q. If you did get it, did you communicate with the Minister?—A. I did not personally.

Q. If it was in your firm you would, would you not?—A. No, Mr. Reford might have done it.

*By Mr. McKay:*

Q. One more question, Colonel. You have told us there are no confefence rates on wheat, and you have also told us you fix the rates on wheat daily. Supposing you fix them next Monday morning at Montreal; will those rates correspond on the same day with the rates in New York?—A. Not likely.

*By Mr. Symington, K.C.:*

Q. You wire them, Colonel, do you not?—A. No, we do not. We do not tell them what we are doing.



*By Mr. McKay:*

Q. You said you were independent, and that is the point I am making. I want to know if the Conference rates are the same on this same day.—A. Pardon me?

Q. I want to know if the rates you fix in Montreal, say next Monday, for carrying wheat, would correspond with the rate fixed in New York?—A. Not generally.

Q. Does it usually?—A. No sir.

The CHAIRMAN: Any further questions?

Mr. ATWATER, K.C.: I think the Colonel said several times that they never fixed rates on grain.

The WITNESS: No, we arrange for a daily quotation.

Sir EUGENE Fiset: They fix a minimum.

Mr. SYMINGTON, K.C.: They daily arrange for a daily quotation.

Mr. ATWATER, K.C.: Which is perfectly logical and perfectly understandable.

*By Mr. Duff:*

Q. In other words, you have to meet every day because of the tramp competition as regards markets?—A. Tramp and general market conditions, which are changing all the time.

Q. And the general market condition is that there may be one tramp or ten tramps there?—A. It may be a question of the value of the grain in London as compared with what it is in Winnipeg, and we are in between and get squeezed.

Q. Do you mean to tell me you fix your rates according to the value of the grain to the farmer? For instance if the market is low, do you lower your rate?—A. No, we do not.

Q. Is it not a fact that the reason you meet every day to fix rates is because of the competition of tramp steamers?—A. No, it is the general competition. It is the rates being quoted out of New York, Boston, Philadelphia, Baltimore, Norfolk, and so on.

Q. Why do these rates fluctuate in Boston and New York and the other places? Is it not on account of tramp steamers coming in?—A. No sir, on account of the general demand.

*By Mr. McKay:*

Q. And yet probably they are all different?—A. They may be.

Mr. ATWATER, K.C.: They need grain as ballast.

Mr. DUFF: Why do they not take it free, then, if it is for ballast?

Mr. ATWATER, K.C.: Sometimes they do.

*By Mr. McKay:*

Q. If wheat were to decline in price to-day, say ten cents a bushel, would you accommodate your rates to that decline, tomorrow?—A. No sir.

*By the Chairman:*

Q. Supposing wheat went up ten cents a bushel to-day, would that lead you to charge a higher price for its carriage tomorrow?—A. No.

*By Mr. McKay:*

Q. Then the market condition does not govern?—A. The demand governs.

*By the Chairman:*

Q. That is, the demand for space in boats?—A. The demand of the market in England.

*By Mr. Symington, K.C.:*

Q. The demand of the market either way?—A. Yes sir.

Q. Now, Colonel, when these rates were declared open by your Conference, was it not arranged that you, in these Montreal meetings, were to wire New York, and also to endeavour to keep the Montreal rate over the New York rate?—A. I have no cognizance of any such thing.

Q. You never heard of it?—A. Never heard of it.

Q. You see the minutes from time to time?—A. There are no minutes kept of the Grain Committee.

Q. I say when they were controlled, up to three years ago, and when they separated and decided they were open, was there not some arrangement of that kind understood?—A. Not that I know of. I never heard of it.

*By Mr. Duff:*

Q. Colonel, is not the rate affected by the quantity of tonnage offering? If there is a large quantity to move, would not the rate likely be enhanced, more so than if there were a small quantity to move, and a large tonnage to move it?—A. Sometimes that is one of the elements and causes of fluctuation.

The CHAIRMAN: Well, gentlemen, if there is any other question the Colonel is here to answer it. If not, he has been on the stand for some time, and we might move on to another witness. We are very much obliged to you, Colonel, and there are some matters which you are to look up.

The WITNESS: I will try to get them for you; it will take a few days.

The witness retired.

WILLIAM THOMAS MARLOW called and sworn.

*By the Chairman:*

Q. Mr. Marlow, you are with the Canadian Pacific Railway Steamship Services?—A. No, I am the General Foreign Freight Agent of the Canadian Pacific Railway Company.

*By Mr. Montgomery, K.C.:*

Q. As General Foreign Freight Agent of the Canadian Pacific does the Atlantic ocean traffic come under your jurisdiction?—A. Directly.

Q. How long have you held that position?—A. Since March, 1919.

Q. Prior to that?—A. I should qualify that. In my present position as I have described it, I have just been there since February, 1922. Previous to that we operated our steamships separately from the railway, and I was General Freight Agent of the C.P.O.S., the Canadian Pacific Ocean Services.

Q. Then let us be clear on that. Since that time your duties have been enlarged, have they, so as to take in the rail as well as the ocean?—A. Yes; I have now jurisdiction over foreign traffic on the railways as well as on the steamships.

Q. Then prior to 1922 what was your title?—A. Prior to 1922 I was General Freight Agent of the Canadian Pacific Ocean Services Limited.

Q. And how long did you occupy that position?—A. From March, 1919.

Q. Prior to March, 1919, what were you doing?—A. I was with the British Ministry of Shipping, Canada.

Q. And what was your position with the British Ministry of Shipping?—A. I was deputy Director General.

*By Mr. Duff:*

Q. What was your title, Colonel, or General?—A. Deputy Director General.

Mr. DUFF: I think we might confer a title on you now.

Hon. Mr. STEVENS: Call him Admiral.

[Col. William I. Gear.]

*By Mr. Montgomery, K.C.:*

Q. In that connection, you might inform the Committee as to what happened to trans-Atlantic shipping and tonnage during the war?—A. For the convenience of the Committee I have prepared a little memorandum, to save writing it out, which I have just prepared this morning.

The CHAIRMAN: I think it is the most uninteresting thing in the world to have to sit here and listen to a prepared memorandum.

Mr. MONTGOMERY, K.C.: You will not have to listen to a memorandum, as far as I am concerned.

The WITNESS: I can describe it to you.

The CHAIRMAN: Do so.

Mr. MONTGOMERY, K.C.: If it is a memorandum, it must be a very short one, because there is no written brief to be read.

The CHAIRMAN: It is more interesting and effective than to read it.

The WITNESS: Well, at the outbreak of the war, in 1914, the British Government, under the Defence of the Realm Act, took over all British registered ships which they required at the time for the transport of troops, and they appointed a Committee to determine the condition of the hire. These decisions of the Committee were embodied in what is known as "The British Blue Book Rates," and they also evolved a scheme of charter party under which ships were hired. At the time there was a Committee formed which consisted of some of the representatives of the owners, together with the Government. The scheme called for the owners to continue operating their ships and to turn over to the Government the results of each voyage.

*By the Chairman:*

Q. The pooled earnings, in other words?—A. No, the actual earnings, at the rates determined according to the Blue Book.

*By Mr. Montgomery, K.C.:*

Q. Let us get that right. The boats were first seized when the war broke out?—A. That is right.

Mr. DUFF: Commandeered.

Mr. MONTGOMERY, K.C.: Yes, commandeered when the war broke out.

*By Mr. Montgomery, K.C.:*

Q. And these Blue Book rates were fixed?—A. Yes.

*By Sir Eugene Fiset:*

Q. That was for freight, of course?—A. Yes; were Blue Book rates for the transport of troops, but that was arranged by the Committee.

*By Mr. Montgomery, K.C.:*

Q. What was the result during the first period when boats under British registry were requisitioned?—A. They were continued to be operated by the owners, and the owners were required to turn over to the Government the results of each voyage.

*By Hon. Mr. Stevens:*

Q. The gross earnings?—A. Yes, the earnings of the steamships.

Q. The gross earnings?—A. Yes. They were really taken over by the Government and the owners acted simply as managing agents.

[Mr. W. T. Marlow.]



*By Mr. Symington, K.C.:*

Q. Mr. Stevens' question was as to whether or not they paid their wages and so on before turning over the balance to the Government?—A. I will come to that later. They were allowed a commission for that. They carried on as they did before the war in respect to management.

The CHAIRMAN: You have not seized Mr. Stevens' question. Mr. Stevens, will you ask it again?

*By Hon. Mr. Stevens:*

Q. Did they turn in the gross earnings to the Government?—A. Yes, they had an accounting with them for everything.

*By the Chairman:*

Q. But did they pay their wages, or did the Government return a percentage for that purpose?—A. No; it was not an immediate transaction; it was a matter of accounting. That was done some time afterwards.

Mr. DUFF: They turned over the net earnings.

Hon. Mr. STEVENS: You had better correct that.

The CHAIRMAN: Yes.

*By Mr. Montgomery, K.C.:*

Q. The amount that was turned over, Mr. Marlow, showed the net earnings, that is from freight, less the operating expenses?—A. Yes. It was all a question of adjustment afterwards in any case.

The CHAIRMAN: They turned over the gross profits.

Mr. SYMINGTON, K.C.: Less a commission.

Mr. MONTGOMERY, K.C.: Yes, less the management commission; they were allowed a management commission in the accounting.

The WITNESS: Shall I proceed?

Mr. MONTGOMERY, K.C.: Yes, go ahead.

The WITNESS: The Government dictated to the Committee what proportion of the space—that is, the Committee, consisting partly of steamship owners—was to be allowed for ordinary commercial cargoes, and fixed the rate to be charged for same.

*By Mr. Montgomery, K.C.:*

Q. When you speak of the "Government" what do you mean?—A. I mean the British Ministry of Shipping.

Q. And they fixed the rates.—A. For what was known as commercial as well as Government cargoes. In 1919 the Government gradually commenced to release the control of the ships, and in doing so stipulated that all lines were held at the disposal of the Government, a certain percentage for space for Government cargoes on voyages until finally de-controlled. This percentage varied each month, and gradually reached the zero point.

*By Sir Eugene Fiset:*

Q. For freight?—A. Yes, for freight.

*By Hon. Mr. Stevens:*

Q. When?—A. It reached the zero point in June, 1920.

*By Sir Eugene Fiset:*

Q. And the proportion of British cargoes and Canadian cargoes was adjusted afterwards?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. Of course, as far as passenger rates were concerned, the rates were the rates fixed here by the War Purchasing Commission for every one of the liners, and the cargoes were adjusted in accordance with the Blue Book issued by the Shipping Ministry?—A. I had nothing to do with the passenger fares.

Q. But the cargo rates were the same—

Sir EUGENE Fiset: That is exactly what I think Colonel Gear was corrected upon yesterday.

*By Sir Eugene Fiset:*

Q. You mentioned "1919." That was completed in 1920, excepting for the remainder carried from England to Canada, as given to us by the British War Minister?—A. Yes, sir.

Q. After the boats began coming back in 1919, a certain amount of space was requisitioned by the Government?—A. Yes.

Sir EUGENE Fiset: Yes, but the rates continued to apply.

*By Mr. Montgomery, K.C.:*

Q. The point I want to get at, and which we are interested in here, is that the rates during the war—that is, the commercial rates—were fixed by whom?—A. By the British Ministry of Shipping.

Q. And you, for instance, as Deputy here, had nothing to do with the fixing of the rates?—A. Absolutely not. We were cabled out exactly what to do and were sent these forms, and we carried out our instructions.

*By Sir Eugene Fiset:*

Q. But you did give the Minister of Shipping information you had acquired on this side?—A. Yes.

Q. And the rates were fixed after they had obtained the information from you here in Canada?—A. No, sir.

*By Mr. Montgomery, K.C.:*

Q. I assume, if they wanted information from you for the purpose of fixing rates, they cabled for it, and received answers to the questions which they put?—A. Yes, but they did not ask for any information, which I recall, which would have a specific reference to the fixation of rates.

Q. That was done for all ports under the British Ministry?—A. Yes; in fact, it was universal. They even fixed the rates to Calcutta:

*By Sir Henry Drayton:*

Q. What they wanted to know was the probable movement of boats, the movement of boats under full load being important; is that right?—A. That is true.

*By Mr. Montgomery, K.C.:*

Q. So that in 1919, when the boats began coming back—

Sir EUGENE Fiset: May I clear up one point?

Mr. MONTGOMERY, K.C.: Certainly, Sir Eugene.

*By Sir Eugene Fiset:*

Q. Did you include under "Freight" the military equipment, such as guns, etc?—A. No, sir.

Q. Were they included in the passenger rates?—A. In the movements overseas at the time would be included such things as munitions, shells, and so on, but not mere military equipment.

Q. You mean personal equipment?—A. Yes, and guns.

*By Mr. Symington, K.C.:*

Q. Was not it the same in 1920 as the British Ministry of Food and Provision rates?—A. That was another ministry. There were various ministries created by the Government to take care of the necessities of the war. It was created at the same time as the British Ministry of Shipping.

Q. The rates I refer to were as of October, 1920, in regard to food?—A. Yes, they were formed to take care of that.

The CHAIRMAN: I suggest that Mr. Montgomery be given the right of way for a little while.

Mr. MONTGOMERY, K.C.: It does not bother me a bit, as far as I am personally concerned.

The CHAIRMAN: Yes, but I want to get on.

*By Mr. Montgomery, K.C.:*

Q. The point I was coming to was, at the time the boats were returned, did they all come back at once?—A. No, they were gradually released. A great many of them never came back at all; they were sunk.

Q. In 1919, when they began to come back, there was an existing tariff of rates?—A. There was.

Q. Which applied to all existing commodities?—A. To a majority of them.

Q. And that was, at the time, the current market tariff? There was a current tariff at that time?—A. I do not know whether you could call it a "Current market tariff," but it was a current tariff dictated by the Government.

Q. The rates determined on several classes of commodities?—A. Yes.

*By Sir Eugene Fiset:*

Q. Were those rates fixed on special commodities, or on bulk cargoes? I think it was bulk cargoes.—A. They were fixed on a long list of commodities.

Sir EUGENE FISET: Our information differs on that.

Mr. MONTGOMERY, K.C.: We are now talking to the Deputy Director General—

Sir EUGENE FISET: Yes, but the Deputy Director General was a representative of the British Shipping Ministry. We had in Canada the War Munitions Board that had the fixing of rates, not only for the transport of troops, but also for the transport of cargoes in these liners, and the rates were fixed, and it was generally thought they were accepted by the British Shipping Ministry, and we accepted them; but the quotations given to us were not on commodities but on cargo space. You could not possibly fix rates on commodities during the war. The United States did it before they entered the war, but not here in Canada.

Mr. MONTGOMERY, K.C.: Surely there must have been rates from Canada.

Sir HENRY DRAYTON: I think Mr. Marlow can tell you about that.

The WITNESS: As I understood it, it was the desire of the British Government that this requisitioning scheme should, as far as possible, allow shipping to continue as it would in normal times; they did not want to disturb things any more than was necessary. They realized there were establishments throughout Britain, Canada and the United States for the running of regular liner service, to permit them to function without any disturbance and they fixed rates which were arranged for normal running as far as they could.

*By the Chairman:*

Q. Is my note correct, where I say, "When the boats were returned to private control a number of rates established by the British Ministry of Shipping" were in existence?—A. Correct.



Sir EUGENE Fiset: The commodities created during the war did not then exist. Take, for instance, a shipment of canned goods overseas; that was purely a war commodity, and it is hardly possible now to make a comparison of commodities transported during the war and those transported at the present time.

*By Mr. Montgomery, K.C.:*

Q. And was this line of commodities fairly general or fairly limited?—A. It was general; it probably covered everything that was moving at the time.

Q. And those were the rates which were current for trans-Atlantic carriages as the boats kept gradually filtering back?—A. Yes, early in 1919.

Sir HENRY DRAYTON: I do not think there is much difference between the witness and General Fiset. I think the commodity rates referred to by the witness are the ordinary mercantile rates, and I think they were the general rates which were applicable to the Department of Militia, of which the General knows.

Sir EUGENE Fiset: Not quite, Sir Henry. There is no doubt about it that the commodity rates fixed by the Ministry of Shipping in England tried to adopt as near as possible the rates applicable to the commodities used in ordinary times, but so many commodities were created during the war, both in the United States and Canada—such, for instance, as canned goods—that a comparison is very difficult, and the rates on those commodities during the war do not apply at the present time.

Sir HENRY DRAYTON: Nothing applies at the present time, but I think the witness can give you the exact facts.

The WITNESS: The General mentioned canned goods. The British Ministry issued rates on private cargoes, and they described it then as \$1.25 per hundred pounds, and the Government when they purchased the goods were charged 40 shillings per ton weight.

Sir EUGENE Fiset: I am not criticising what you say at all, but I want to establish it is hardly fair to compare the circumstances that existed during the war with the circumstances existing at the present time.

Sir HENRY DRAYTON: We all agree on that at once.

Mr. MONTGOMERY, K.C.: I want to bring out how the tariffs came into force. Of course, it is the fact that the tariffs in 1919 were covering a certain set of commodities, and they have been gradually coming down. It was not a question of building them up from 1913. I want to get the facts on the record.

*By the Chairman:*

Q. You were asked to say upon what the Ministry of Shipping based themselves in fixing the tariff rates for movements of certain freight from Montreal to Great Britain?—A. I have no knowledge of that.

Q. I would imagine that the Ministry of Shipping would not just work these things out from their own heads; they would naturally look at what had been charged for similar services prior to that time?

Sir HENRY DRAYTON: I do not think so. Mr. Chairman, I had something to do with that matter. The problem before the British Ministry was very simple. They wanted to get as much money as they could; they were insuring the boats and taking all the chances against loss from submarines and all that sort of thing. They were interested in two things; first to get all the money they could; secondly, to see that every boat was loaded 100 per cent and only sent where they would be used.

Sir EUGENE Fiset: And thirdly, get the money.

*By Mr. Montgomery, K.C.:*

Q. Was the condition you describe limited to the St. Lawrence— —A. No, in the North Atlantic trade they applied all the way around from the Gulf of Mexico to Montreal.

Q. And the same condition existed when the boats were handed back?—A. Yes, it existed when the boats were handed back. The rates were somewhat higher from the Gulf of Mexico.

Q. And the boats came back to you— —A. Yes, with these attached to them, because there was still more or less control of the space.

Q. And what has been the course of rates since that time?—A. The general trend has been downward.

Q. We have had a comparison of rates prevailing in 1913 with those prevailing in 1924. Has the fixation of the tariff of rates any relation with the 1913 rates, or what was the source from which the evolution of rates is proceeding?—A. Well, I am certain that the condition that prevailed when the vessels came back to the owners after de-control and the lines got together in Conference again has had nothing to do with it; they had nothing in their minds about 1913 at all. They came into a new era, a new set of conditions.

Q. There were certain existing rates that were prevalent— —A. Yes, which apparently were considered fair, and they took those more or less as guides to start with.

Q. Those were followed?—A. Yes, and various meetings followed, of course. We had our monthly meetings, and from time to time modifications took place. I remember on one occasion when a general horizontal reduction was made throughout the whole tariff.

Q. So that we will understand this matter, there was not any direct cutting-off when the boats came back into private hands?—A. No.

Q. And there was not any fixed date upon which the boats were turned back to their owners?—A. No.

Q. It was a process which came about gradually, beginning in 1919?—A. Yes.

*By Sir Eugene Fiset:*

Q. It began at demobilization?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. More tonnage began to be available for commercial purposes, as it was released?—A. That is correct.

Q. And the course of rates from that time was naturally downward?—A. The trend was generally downward, yes.

Q. Now, in the meantime, had anything occurred as between the Conferences which you have mentioned—that is, the North Atlantic, the South Atlantic and the Gulf—as regards control of shipping in the United States?—A. Yes. The situation after the war was entirely different to the one prevailing before the war. So far as trans-Atlantic trade was concerned, two governments became owners of shipping lines. The United States became very extensive owners and they naturally had to introduce themselves to commercial shipping, and one of the first things I remember in 1920 was an invitation to Washington; that is, they asked delegates from the North Atlantic Conference to come down to Washington and confer with the delegates from the South Atlantic and the Gulf Conferences—well, they were not “Conferences” in those times—with the Gulf shipowners and operators, to devise a general scheme whereby the rates could be made stable, and, I presume, so there would not be rate-cutting.

Q. You spoke of the Government doing this—the United States Government?—A. The United States Government.

Q. Was this done through the instrumentality of the United States Shipping Board?—A. Yes, through the United States Shipping Board.

Q. The Board created under the Act of 1916, which has been referred to?—A. That is right. At that time I do not think they were operating separately as the United States Emergency Fleet Corporation; it was as the United States Shipping Board.

*By the Chairman:*

Q. They issued an invitation?—A. They issued an invitation.

*By Mr. Montgomery, K.C.:*

Q. The first Trans-Atlantic Conference as between the North Atlantic, the South Atlantic, and the Gulf districts was summoned by the Shipping Board to be held in Washington?—A. I would not use the word "summoned"; we were invited to come together, but I presume, as regards lines trading to the United States ports, they would consider it was a command.

*By Sir Eugene Fiset:*

Q. It was in your great interest to go?—A. Yes, it was.

*By Mr. Montgomery, K.C.:*

Q. Did you go?—A. I did.

Q. So that you were present at the inception of the South Atlantic and the Gulf Conference, and the Tri-partite Conference?—A. Yes, sir.

Q. And that was held at Washington?—A. In 1920.

Q. On the Government's invitation?—A. That is right.

Q. Tell us, in a way, what took place?—A. I wonder if I could beg the indulgence of the Chairman if I read—

Mr. MONTGOMERY, K.C.: Do not read anything which you have prepared for this occasion.

The WITNESS: This is a little memorandum that I made at the time. It is very concise and will give you an idea of what went on, and I think will save a lot of questioning later. I made this as a report to the Canadian members of the Conference. The writer associated with Mr. Blake of the Cunard Line and Mr. Love of Messrs. Furness, Withy & Company, Limited, was appointed delegate of the North Atlantic Conference Northern Range to United Kingdom Ports, to meet representatives of the United States Shipping Board ships at Washington, Friday, April 23rd, with a view to effecting the arrangement in the mutual interests for the agreement and stabilization of freight rates by regular lines. A meeting was held in the office of the U.S. Shipping Board, Washington, at 10.00 a.m. on the date appointed and at the outset it developed that the Shipping Board had lined up their various operators and managing agents in the United Kingdom trade into three groups or Conferences: (1) Gulf Ports, (2) South Atlantic Ports and (3) Northern Range Ports. Following what was anticipated by the Shipping Board in this regard, the British and Foreign Lines had also grouped themselves at South Atlantic and Gulf Ports similarly, while, of course, we had for years our established North Atlantic Conference.

*By Mr. Montgomery, K.C.:*

Q. Prior to that time there had been no South Atlantic or Gulf Conferences?—A. Not that we were aware of, nor was there any relationship with them. At the meeting, the representatives, therefore,—

*By the Chairman:*

Q. What date was that meeting?—A. April 23rd, 1920.

[Mr. W. T. Marlow.]



Mr. MONTGOMERY, K.C.: I think the minutes of that meeting are one of the exhibits which have been filed.

Mr. SYMINGTON, K.C.: No, they are not there. I think we started with 1921.

The CHAIRMAN: When was that suit taken in the United States to dissolve three of these conferences?

Mr. FLINTOFF: That was the last proceeding by the Shipping Board?

Mr. MONTGOMERY, K.C.: That was regarding the differential, and was between a tobacco grower and the Shipping Board.

Mr. SYMINGTON, K.C.: There was an action to dissolve the South Conference in the 1914 report which you have.

The CHAIRMAN: That was my recollection. It seemed strange to me that the witness said there has not been a Gulf Conference or a South Conference between them.

The WITNESS: I did not say that. I said there was no relationship between the North Atlantic, and the Gulf and the South Atlantic.

Mr. MONTGOMERY, K.C.: I think I gave you the wrong impression, Mr. Chairman, but the witness has corrected me. You got that from my erroneous asking of the question.

The WITNESS: At the meeting, the representative therefore divided themselves under the three groups; the representatives of the Gulf outlining their views jointly on behalf of both the Shipping Board interests and Foreign Lines. Similarly the South Atlantic and the Northern Range interests were joined in presenting their views on behalf of each port distribution. It was understood that permanent arrangements would be made for regular Conferences between the Foreign interests in each port distribution and the U.S. Shipping Board representatives, and that communication between each should be established on similar lines to that followed for some time past at New York as between the Shipping Board and the North Atlantic Conference. It was furthermore thought that when necessary joint Conferences of all interests could be held. No definite procedure in this regard, however, was arrived at. My own opinion is that at New York the U.S. Shipping Board interests will have a Secretary for their Conference, the same as we maintain in the North Atlantic Conference, and that through these rates and arrangements will be agreed. An arrangement was established whereby the initiative in rates would be left with certain districts. A great deal of discussion took place on this point and the following was the final decision: Gulf and South Atlantic Ports to have the initiative in rate-making on the following commodities:—

Cotton and Linters.

Cotton Seed Cake, Meal and Hulls.

Pitch Pine or Cypress Lumber, Logs and Timber.

Naval Stores.

Let me explain to the Committee that down in the South they consider resin, turpentine, etc.—

The CHAIRMAN: And tar?

The WITNESS: Yes, and tar, as naval stores.

Mr. MONTGOMERY, K.C.: Where you find reference to these classes of rates, like "neutral rates" and so on, which were referred to yesterday by Mr. Symington, just explain them as you go along.

The WITNESS: All right. Sisal, Ixtle, Rice, Sulphur, Phosphate Rock, pitch and tar, cane syrup, and molasses. That ends the Gulf initiative list.

In respect of the following, which was termed a collateral list, the rates may be proposed by either the Gulf, South Atlantic, or the Northern Range

Port Interests in Conference, but the rates must be unanimously agreed to before becoming effective.

*By Sir Eugene Fiset:*

Q. By whom?—A. By all, including the North Atlantic Conference.

These commodities were lumber, timber and logs not otherwise specified, that is, not Cypress; cooperage, tobacco, all weight articles. We mean by dense weight article, steel of all kinds, and bulky articles like that; pig iron, bags, spelter and so on, green coffee and borates.

In respect of all other commodities it was understood, following the practice of the past, that the North American lines would have the initiative in establishing the rates.

*By Mr. Montgomery, K.C.:*

Q. That will serve to explain what initiative means?—A. Yes.

*By Mr. Symington, K.C.:*

Q. You said: "Following the practice of the past, the North American lines would have the initiative in establishing the rates." What does that mean, in your report?—A. I don't know what that means in there, unless it means that as between the Shipping Board lines and themselves in the north they had some such arrangement. The North Atlantic Conference had no such arrangement.

Altogether it was considered that enormous advantage had accrued to all steamship interests by the recognition of the Government, through the Shipping Board, of the principle that ocean carriers were entitled to a reasonable profit over the cost of operation. A feeling of good fellowship was established as between the foreign—and that meant largely British—and United States shipping interests, and there is no doubt that a great deal was gained in the obtaining of Government sanction in the stabilization of rates in what might be a weak market.

The *New York Journal of Commerce* at the time described the decision as one of the most important developments in the history of American shipping.

*By Mr. Montgomery, K.C.:*

Q. Prior to that time had there ever been a Conference or Conferences?—A. Not that I was aware of.

Q. Since that time, any meetings of these Conferences, at whose instance have they been held?—A. They have all been held at the instance of the United States Shipping Board.

*By Mr. Symington, K.C.:*

Q. All the subsequent joint meetings?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. Some of those minutes have been filed as exhibit number 17?—A. Yes.

*By Sir Eugene Fiset:*

Q. Are they all out of Government control?—A. Some of them are not out of Government control yet. In the United States they have a large fleet owned yet. These are the records of the joint meetings, such as were kept.

*By Mr. Montgomery, K.C.:*

Q. And you find at the head of each a large number of representatives of the United States Shipping Board present?—A. Yes.

[Mr. W. T. Marlow.]

*By Sir Eugene Fiset:*

Q. Representing the Conference?—A. Yes sir, known as the Gulf, South Atlantic and North Atlantic conference.

*By the Chairman:*

Q. Might I interject a question here? Has that feeling of good fellowship and amity continued to exist between the different Conferences?—A. No sir. We have come to more or less a difference of opinion as regards the differentials in the rates as between the districts, and that is what led things into the condition which brought about the differential case which you referred to.

*By Mr. Shaw:*

Q. Wasn't the Conference dissolved?—A. It was not exactly dissolved, but the basis of the relationship was dissolved.

Q. What do you mean?—A. That the Gulf and South Atlantic had a preference in the rate, that is, they took 15 cents per hundred pounds or  $7\frac{1}{2}$  cents per cubic foot generally over the North Atlantic rate to make up their rate.

Q. Why did the Court dissolve this tripartite Conference?—A. It was the United States Shipping Board.

Mr. MONTGOMERY, K.C.: May I read a paragraph from the judgment filed as Exhibit No. 17B. What was complained of was the differential against the Gulf Conference.

The CHAIRMAN: It was rather in favour of the Gulf Conference.

Mr. SYMINGTON, K.C.: Their rates were rather in favour of the Gulf Conference.

The CHAIRMAN: Somewhat higher?

Mr. SYMINGTON, K.C.: Somewhat higher, but not high enough in accordance with the costs. It was found that it was not unfavourable.

*By Mr. Shaw:*

Q. Then I take it that the Shipping Board refused to recognize the agreement; is that it?—A. No, the Shipping Board made the agreement, but they found the basis which said that the North Atlantic rates with fifteen cents per hundred pounds or five cents per cubic foot I think it was, added to the North Atlantic, was too high under superficial conditions for the Gulf, that it imposed too great a burden on the Gulf Lines.

*By Sir Henry Drayton:*

Q. In other words, the Conference rates were too high for the Gulf?—A. That is it.

Mr. SYMINGTON, K.C.: Quote the reference, Mr. Montgomery; read the headnote of the case, and you will see what it says.

Sir HENRY DRAYTON: Read the headnote of the judgment, Mr. Montgomery.

Mr. SYMINGTON, K.C.: I think it said it was not discriminatory to the south but it was an illegal rate.

Mr. MONTGOMERY, K.C.: If you had ever read it, you could not say that. The United States Shipping Board Act expressly recognizes the Conference, and in so many words exempts them. It says how the case was decided. I can establish more than that. It was decided certainly in the presence of enough lawyers. There are three pages of appearances.

Sir HENRY DRAYTON: Then it must be wrong.

The CHAIRMAN: I have to protest against that.

[Mr. W. T. Marlow.]



Mr. MONTGOMERY, K.C.: I am afraid I am doing an injustice to the profession.

The CHAIRMAN: Go ahead and tell us what the Court said.

Mr. MONTGOMERY, K.C.: I am going to read the headnote, at my learned friend's request. The headnote says:

"On export traffic to certain foreign destinations, existing differentials and rates not shown to unduly prejudice South Atlantic Ports in favour of North Atlantic Ports, as alleged; maintenance of same rates from Atlantic and Gulf Ports on so-called parity commodities not shown to constitute undue prejudice or unjust discrimination, as alleged. Upon investigation, present rate adjustment between North Atlantic, South Atlantic and Gulf Ports to foreign destinations indicated not shown to be unduly prejudicial or unjustly discriminatory.

Tripartite Conference agreement unfair as between carriers and operates to the detriment of commerce of the United States."

You will probably remember that under section 15 of the Act they were required to file their agreement in Washington, that as well as others, and if there is anything considered unfair or prejudicial, or anything of that kind in the agreement, the Shipping Board has a right to disallow it, under Section Number 15. The ones not disallowed are exempted from all such anti-Trust Acts as the Sherman Act, and Acts of that kind.

Sir HENRY DRAYTON: Where does that leave us? They have a finding that parts of these are declared to be illegal.

Mr. MONTGOMERY, K.C.: In the first place they discuss as to whether these differentials were unjustly discriminatory. All that I find is:

"Section 15 of the Shipping Act, 1916, enjoins upon common carriers by water subject to the Act the duty of filing with the Shipping Board agreements of the character now under consideration. The term 'agreement' as used in that section is stated to include understandings, conferences, and other arrangements whether oral or written. Paragraph 2 of said section provides:

"The Board may by Order disapprove, cancel, or modify any agreement or any modification or cancellation thereof whether or not previously approved by it."

this one has been approved by it previously. I understand this had been previously approved by the Shipping Board itself.

The WITNESS: No disapproval had been filed with them, and no disapproval had been made.

Mr. MONTGOMERY, K.C.:

"that it finds to be . . . unfair as between carriers, shippers . . . or ports, or to operate to the detriment of the commerce of the United States."

"and paragraph 3 provides:

'It shall be unlawful to carry out any agreement or any portion thereof disapproved by the Board.'

"Upon the record in this case the Board finds that the existing tripartite arrangement or agreement between the North Atlantic, South Atlantic, and Gulf Conferences and the steamship lines operating from ports on the North Atlantic, South Atlantic and gulf coasts of the United States to the foreign ports hereinbefore mentioned, is unfair as between carriers and is detrimental to the commerce of the United States."

"Appropriate orders will be entered."

That is the part of the judgment which is summarized by that last paragraph.

[Mr. W. T. Marlow.]

Mr. DUFF: What does that mean, "detrimental to the commerce of the United States"?

Mr. MONTGOMERY, K.C.: That it was unfair as between those sailing from southern ports as against the north, and that part was set aside. The differential which had been established apparently was not sufficient to protect the South Atlantic, or something like that.

Mr. SYMINGTON, K.C.: My recollection is this: the shipping lines showed that the North Atlantic traffic cost at least 25 per cent less than the Gulf traffic; the rates on the North Atlantic were not 25 per cent or anything like that below the Gulf traffic, therefore it was unfair as between shippers but not discriminatory as against the Gulf or the South.

Mr. MONTGOMERY, K.C.: I have not had an opportunity of reading this judgment recently, because it was filed, while my learned friend has had ample opportunity of reading it.

The CHAIRMAN: I think you might proceed. I doubt if it is worth while spending more time on it.

Sir HENRY DRAYTON: Are you placing stress on that, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes. I am going to call attention to the fact that according to that judgment the North Atlantic rates were high as compared with the others by reason of the Conference. We can argue it when the time comes.

Sir HENRY DRAYTON: I just want to get the point.

Hon. Mr. STEVENS: This is beyond some of us ordinary individuals. What interests me is this: Was the judgment given by the court of the United States declaring that the North Atlantic rates were unreasonably high?

The WITNESS: I can answer that. That was not the effect of the judgment.

Hon. Mr. STEVENS: Mr. Symington says it was. He is the counsel that I am supposed to believe because he is retained by the Government.

The WITNESS: It was dissolved because the United States is interested largely in steamship lines running for the Gulf and they did not think that under this arrangement by which higher rates were charged the steamship lines were getting a fair share of the traffic from the interior. However, I think they will come together in a short time and make another arrangement, which will make a tripartite agreement to not impose as high a rate as existed in the Gulf as in the North Atlantic, so there is nothing in the judgment which implies that the North Atlantic rates are unreasonable.

*By Mr. Montgomery, K.C.:*

Q. As a matter of fact, after this time—I will deal by periods—had the United States Shipping Board representatives formed part of the North Atlantic Conference or been represented at the several meetings?—A. Up to very recently they have not been members of the North Atlantic Conference. They had a North Atlantic Conference of their own. They sat in with us for convenience but they had their own conference in the North Atlantic until recently.

Q. The United States Shipping Board?—A. Yes, the United States Shipping Board.

Q. When you say they sat in with you, what do you mean?—A. At first we held our meetings separately and afterwards it was arranged, for convenience, that they sit in with us and we said we had no objection but they still retained the right of an individual conference, to have their own say.

Q. These rates, would they be fixed at meetings, as you described?—A. At the joint meetings.

Q. It has been suggested that the influence—

*By Mr. Duff:*

Q. The rates might have been different between the Shipping Board and the North Atlantic Conference; the rates might have been different?—A. No. We agreed to them.

Q. They were in the Conference?—A. It depends on what sense you put "in the conference".

*By the Chairman:*

Q. They sat in together and they arrived at a rate which they both charged?—A. That is right.

*By Mr. Montgomery, K.C.:*

Q. Which they both thought was a reasonable rate?—A. Correct. They have extensive propaganda throughout the United States, through agents of the independent steamship lines with the idea of inducing shippers to use United States flag steamers.

Q. It has been suggested that the American interests were predominant in the North Atlantic Conference. I would like to know what you have to say about that?—A. My idea of influence would be the ownership of the vessels. As a matter of fact, the membership in the conference is according to ownership and my recollection is that there are fourteen British lines and now four United States Shipping Board Lines, and one of the points brought out in this differential rate case was that the British influence was too strong for the American.

Sir EUGENE Fiset: That is terrible.

*By Mr. Montgomery, K.C.:*

Q. How many ships do the American Shipping Board represent at the conference or what percentage of tonnage was represented at the conference, American and British?—A. I cannot answer that offhand but I will be pleased to get it for you.

*By Mr. Rinfret:*

Q. When you say "British" what is the proportion for Canada?—A. With the exception of the Canadian Government Merchant Marine I think all ships trading to Canada are under the British flag.

Q. What about the C.P.R.?—They are under the British flag.

*By Mr. Symington, K.C.:*

Q. As between residents of Canada and the United States the statement was correct?—A. Yes.

Q. Of course you get into a controversial question. Many British lines are represented by British citizens in the United States.

*By Mr. Montgomery, K.C.:*

Q. I presume people who represent British lines in the United States are residents in the United States at the present time?—A. Yes.

Q. So that the North Atlantic Conference, with the exception of the United States Shipping Board boats, was entirely made up of British lines?—A. The United Kingdom Conference, yes.

Q. I am speaking now of the North Atlantic U.K. Conference.—A. Entirely British lines.

*By Sir Eugene Fiset:*

Q. Subject to what Mr. Marlow says that the North Atlantic U.K. Conference attended their meetings in order to fix rates.

[Mr. W. T. Marlow.]



Mr. MONTGOMERY, K.C.: That brings me to this point. May I quote from the judgment just one more paragraph:—

“In this connection it should be pointed out that the membership of the North Atlantic Conference is predominantly foreign. This foreign membership with votes outnumbering by far those of the American members dominates the tri-partite conference and the rates applicable to American commodities moving in American bottoms and from American ports. The result is effective control by foreign lines of an extensive portion of our commerce and of much of our shipping. Manifestly, in view of the responsibility imposed in it for the upbuilding of an American Merchant Marine this situation calls for unequivocal action on the part of the Board.”

That Conference includes not only U.K. Conferences but the Continental Conferences?—A. That had reference to all conferences in the tri-partite agreement.

Mr. MONTGOMERY, K.C.: It was suggested that the United States Shipping Board can outweigh the decisions of the North Atlantic Conference, which is predominantly British.

Sir EUGENE Fiset: No, because technically speaking, they do not form part of the conference but for the purpose of fixing the rates, the rates they do charge.

*By Mr. Montgomery, K.C.:*

Q. How many representatives had they, treating it on that basis?—A. The United States Shipping Board all have their own lines, being represented by one, who was the mouthpiece of their Conference.

Q. Assuming where any question came up as to whether there should be an increase or a reduction in a particular rate and there was a difference of opinion happened, which required a vote, how many votes would the United States Shipping Board representatives have?—A. Their one dissenting vote would destroy the arrangement.

Q. As regards votes, did each line have a vote?—A. Each line had a vote but all decisions were unanimous.

Q. Did the United States Shipping Board representatives have any greater number of votes, putting it that way or any greater influence than any line like your own, for instance, participating in the North Atlantic Conference?—A. No.

Sir EUGENE Fiset: But they would have the weight of the Government at their back.

*By Hon. Mr. Stevens:*

Q. At page 25 of the Preston Report it is stated:

“British steamship interests control, not only the North Atlantic steamship traffic but exercise a predominating influence in the great world-wide steamship Combine.”

Would that indicate that the British interests predominate in the North Atlantic Combine? I would like to ask Mr. Marlow if he agrees with that statement of Mr. Preston's?—A. I cannot agree with Mr. Preston's statement.

Q. Is that on general principles? I am talking about this statement.

The CHAIRMAN: Oh! Mr. Marlow says he does not agree with Mr. Preston's expressed view there.

Sir HENRY DRAYTON: It is a good place for an Ocean Rates case.

*By the Chairman:*

Q. I do not think you answered Sir Eugene's question which was perhaps put rather in the form of an assertion. I suppose in the Conference at which

[Mr. W. T. Marlow.]

the representative of the American Government sits he does have considerable influence in view of the fact that he represents one of the most powerful countries of the world?—A. Yes.

Q. What is the situation as regards the North Atlantic Conference, as regards the United States Shipping Board? Is there any change to be noted? What is the position as between the North Atlantic Conference and the United States Shipping Board at the present, whether the arrangement is the same as that which you described?—A. There has been a recent change. Instead of the representative of the Shipping Board sitting in, the principal managers of the shipping board lines from the various ports have now applied and become members of the North Atlantic U.K. Conference. There are four in all. They have consolidated their services, making four in all. They consolidated their services to avoid overlapping.

*By Sir Eugene Fiset:*

Q. There is no representative of the United States Shipping Board?—A. At present sitting in the meeting, but there are four members of the Steamship lines.

*By the Chairman:*

Q. What disposition did the American Shipping Board make of its ships in order to make it possible that there should be four different lines operating their ships?—A. Before this time they had services overlapping. For instance, they would have one managing agent from Baltimore to London and from Boston to London. They found there was more or less conflict in the service from Baltimore to London and from Boston to London and they gave one manager from Baltimore to London, to Rotterdam and so on.

Q. When you say operating owner does that signify that the United States Government turned these ships over in ownership or merely gave them over for the purpose of being operated?—A. Both applies. Some lines operate with purchased ships from the Shipping Board, supplemented by ships still owned by the Shipping Board.

*By Sir Eugene Fiset:*

Q. That is the reason why they have four managers instead of one. As the area is divided they had to get more membership but still they had the influence of the United States Government at their back?—A. They had the four representatives because they have decided that rather than have the Board representative, the managing agents should have more say in the operation of the ships and in the traffic arrangements.

*By Mr. Montgomery, K.C.:*

Q. And the Canadian Government Merchant Marine was itself in the same way, until quite recently, a member of the same Conference?—A. Yes.

Q. Sitting as did your own line and the Shipping Board representatives, and so on?—A. Yes.

Q. Have you the minutes of the meeting of October 7th, 1920?—A. I have.

Q. As a matter of fact I will not take it up now. The Canadian Government Merchant Marine applied for membership in the Conference and were invited to go into membership and their representatives attended meetings from that time on until quite recently?—A. Yes.

Q. And participated in the several Conferences and rates were fixed and so on?—A. Yes, that is so.

The CHAIRMAN: I remember two years ago Mr. Cunningham who was before our Committee was very careful to say they only sat in. I have not been able to see the difference between sitting in and forming part of.

Mr. MONTGOMERY, K.C.: We had the North Atlantic Conference with the Shipping Board sitting in and the Canadian Merchant Marine sitting in. If the operations of time have been disturbed I hope you will not blame the North Atlantic Conference for it.

Mr. DUFF: They were encouraging them.

Hon. Mr. STEVENS: I wonder could I interject this question. Does the Canadian Government Merchant Marine sit in at the Pacific Coast Conference?

Mr. MARLOW: I believe they did until recently, I do not know that.

*By Mr. Montgomery, K.C.:*

Q. Coming back to the rate question which has been discussed, you have told us that the trend of rates has of course been downwards since 1919 when the boats came back?—A. Yes.

Q. Differing in different commodities?—A. Differing on different commodities.

Q. Can you give us any idea as to the average percentage of production, for whatever averages are worth?—A. As I work it out, it averages 55 per cent.

The CHAIRMAN: When?

Mr. MARLOW: Between 1919 and 1924.

Mr. MONTGOMERY, K.C.: I assume that is in commodities exclusive of grain. That is not the Conference rate?—A. That is not a United Kingdom Conference rate.

Mr. SYMINGTON, K.C.: Is it included in this figure?

Mr. MONTGOMERY, K.C.: Am I correct in my assumption?

Mr. MARLOW: It is not included in that figure. These are general merchandise figures.

Mr. MONTGOMERY, K.C.: Does it include commodities on which rates are fixed by the Conference?

Mr. SYMINGTON, K.C.: You mean fixed in New York by the Conference?

Mr. MONTGOMERY, K.C.: New York, or Montreal, or wherever it may be.

Mr. SYMINGTON, K.C.: Fixed by the whole Conference is fixed by the Liner Committee.

Mr. MONTGOMERY, K.C.: I will have to make an exception in Mr. Symington's case to the invitation I extended to everybody to ask questions.

The CHAIRMAN: The witness was scrupulously particular in stating it is not fixed by the General Conference.

Mr. MARLOW: That is right.

The CHAIRMAN: He was very careful to say "general."

Mr. MONTGOMERY, K.C.: The average which you have given us is the average reductions in rates on commodities where the rates are controlled by the Conference.

Mr. MARLOW: That is so.

Mr. MONTGOMERY, K.C.: Grain is not included.

Mr. MARLOW: Grain is not included in that. Grain rates are about the same in 1924 as 1919.

Sir EUGENE Fiset: Nothing whatever for maximum or minimum.

Mr. MONTGOMERY, K.C.: I was talking about the reduction of 55 per cent. You intimated as I understand grain rates were not fixed? We are talking about whether they were included in the 55 per cent.

Q. The question has been asked as to what factors are taken into consideration in fixing rates or as has been stated by the Chairman what process has

[Mr. W. T. Marlow.]



been gone through, to use the words of the Chairman?—A. The factors are: Nature of the goods, nature of the packing, character of the packing, their weight, their stowage in relation to the weight.

The CHAIRMAN: Difficulty or ease of stowage.

Mr. MARLOW: No, what is meant, you will get some goods that will weigh one ton and measure four ton.

*By Mr. Symington:*

Q. Your average covers whichever is more profitable?

Mr. MONTGOMERY, K.C.: Mr. Symington wishes to know whether the tariff covers the commodities which are profitable.

Mr. SYMINGTON, K.C.: That is true. Take the stowage is greater than its weight, isn't that so?

Mr. MARLOW: No, the optional rate you mention is for a cargo where it is specified in the tariff. Very often we will take, if I may explain, a commodity such as clothes pins or wooden chairs that will not stand the measurement rate and we make a low rate for that space.

Mr. MONTGOMERY, K.C.: Have you finished your enumeration of the factors?

Mr. MARLOW: No, I was in the middle of it.

The CHAIRMAN: The nature of goods, character of packing and weight. I have put down bulk in respect to weight.

Mr. MARLOW: That is correct. Fuel, whether they are hazardous—

The CHAIRMAN: Hazardous of transportation?

Mr. MARLOW: Safety of the ship.

The CHAIRMAN: Whether the goods making up the cargo are likely to be destroyed.

Mr. MARLOW: Without damage to the ship.

Mr. MARLOW: Yes, or anything inflammable.

The CHAIRMAN: To the ship?

Mr. MARLOW: Yes.

The CHAIRMAN: Explosives would be hazardous.

The CHAIRMAN: Hazard to the ship?—A. Hazardous goods.

The CHAIRMAN: From the cargo?

Mr. MARLOW: Yes, liability to damage. Frequently these factors are obviously not applicable but they are all taken into consideration.

Mr. MONTGOMERY, K.C.: Wherever applicable?

Mr. MARLOW: Liability to damaging other cargo. Take taint for instance, hides you cannot put next to flour or anything of that kind.

Hon. Mr. STEVENS: Barrels of oil.

Mr. MARLOW: Yes.

Mr. MONTGOMERY, K.C.: Liability to damage to itself and liability to damage other cargo.

Mr. MARLOW: Yes. Then if the shipper considers the situation, or in many cases, ourselves, we try to find out what the competition in the foreign market is. For instance, we have largely determined our rate in comparing the rates of Scandinavian competition.

The CHAIRMAN: The price likely to be realized by the exporter when it reaches the market or destination.

[Mr. W. T. Marlow.]

Mr. MARLOW: No.

Mr. MONTGOMERY, K.C.: I think the witness has expressed it.

Mr. MARLOW: Competitive trade condition in the foreign market.

*By Mr. Montgomery, K.C.:*

Q. In other words to carry on the trade or encourage trade, to make a foreign trade possible, a new rate has to be given in that particular commodity.—A. What we consider a reasonable rate.

Q. To meet foreign competition, for instance just to meet the competition of Scandinavian operation?—A. Yes, Scandinavian pulp competition.

Q. In the United Kingdom?—A. Yes.

Q. You state that as an instance of what?—A. I said in the case of pulp we have entered into strong competition with Scandinavian shippers.

Q. That is a factor taken into consideration?—A. In determining the rate on pulp.

*By Mr. Halbert:*

Q. In the case of other goods where the British market would demand a high rate, does that work the same?—A. That is only one of the factors which operates and sometimes we think the rate should be higher than it is.

Q. You have to know the situation as to whether or not certain commodities will stand an increase better than others?—A. Yes.

Q. In other words, what the market will stand?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. You cannot take it on grain and take it on lumber? It becomes a question of classification.—A. Yes. It depends on the ability of the particular commodity to stand the increase.

Q. The ability of the particular commodity to stand the increase would be one of many factors?—A. Yes.

Mr. SYMINGTON, K.C.: That is not a factor in grain.

Mr. MARLOW: No.

*By Mr. Halbert:*

Q. We will take cattle. The farmers of Ontario compete on the Old Country market. Supposing they were making \$10 a head on the cattle, the trade would be justified in reducing the rate to \$5?—A. I have had nothing to do with making the rates on cattle. Our line does not carry them and they have never been discussed with me or dealt with in any Conference I have been at.

The CHAIRMAN: We are discussing the general principle and I imagine that probably cattle rates are dealt with specially. I was speaking more about general cargo rates.

*By Mr. Montgomery, K.C.:*

Q. Your line does not carry any cattle?—A. No.

Q. You have not had occasion to consider cattle?—A. No.

Mr. KENNEDY: I wonder would the witness say that factor of competition enters into the rates on lumber?

Mr. MARLOW: Yes, it does, but we realize that it is often hopeless to overcome the foreign trade competition. For instance, I understand in Europe that some of the retailers were putting in lumber cut from the German forests. That would be to go into England anyway. I do not see how you can make a rate to compete with that.

Mr. KENNEDY: Some of our lumbermen are complaining bitterly that they cannot get into the British market because of the fact that the Germans have a 15 shilling rate lower than they have.

Mr. MARLOW: What rate?

Mr. KENNEDY: 15 shillings lower than they have.

Mr. DUFF: The rate is lower now.

Mr. KENNEDY: Seventy-five.

Mr. DUFF: Where from?

Mr. KENNEDY: Montreal and Quebec.

Mr. MARLOW: Our rate is 70 and the charter rate is around 67.6 and 62.6.

*By Mr Symington, K.C.:*

Q. The charter rates are free boat?—A. Yes.

Q. But liners are 75 and 80?—A. We get 70 shillings.

*By Mr. Duff:*

Q. That is where they take small cargoes, not a full cargo?—A. Yes.

*By Sir Eugene Fiset:*

Q. That is per standard?—A. Yes, per standard, which is 165 cubic feet, or 1,980 superficial feet.

The CHAIRMAN: Gentlemen, it would not be possible to finish with this witness to-night, and there is the question of dealing with the production of the voyage accounts which, with the consent of the Committee, I would like to have taken up so that some arrangement may be arrived at for dealing with them, so that they can be produced, and we will have them before us early next week. If it is agreeable to everybody I would suggest that the examination of Mr. Marlow stand over until the next meeting of the Committee.

Discussion followed relative to selection of auditor.

The Committee adjourned until Tuesday, April 28th, at 2.30 p.m.



## MINUTES OF EVIDENCE

COMMITTEE ROOM, 276,

HOUSE OF COMMONS,

TUESDAY, April 28, 1925.

The Special Committee appointed to consider the Resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met at 2.30 p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. The first matter that I wish to bring before the Committee is a communication from the Calgary Board of Trade.

(Communication read and filed as Exhibit No. 44.)

The CHAIRMAN: Then follows a report of the Transportation Committee which on the whole is unfavourable to the Petersen contract. Now, Mr. Symington, are we going ahead with Mr. Marlow?

Mr. SYMINGTON, K.C.: Mr. Montgomery was not through with his examination.

W. T. MARLOW recalled.

The CHAIRMAN: Mr. Montgomery, would you mind if Mr. Cleminson answered a question which Mr. Duff desires to ask, before we resume with Mr. Marlow?

Mr. MONTGOMERY, K.C.: Certainly.

Witness retired.

H. M. CLEMINSON recalled.

*By Mr. Duff:*

Q. Mr. Cleminson, in your evidence, as reported by the newspapers, you said that ocean rates could not be reduced unless wages were reduced. Were you reported correctly?—A. When I say "wages," I mean every item that goes to make up the cost of rendering the service, whether in the docks, or in the ships, or in the materials which go to make the ship. Of course, wages bulk most largely in those items.

Q. But wages is only one of the items. You did not refer to wages alone but to all those items?—A. That is right.

Q. Then the newspaper report is incorrect?—A. I think I made it clear at the time.

Q. It included everything?—A. Yes.

Witness retired.

W. T. MARLOW recalled.

The CHAIRMAN: Let me suggest that you re-examine Mr. Marlow on those parts which are essential and which have been mis-reported or omitted and then we will get it in our next report.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: For instance, I notice that when we were speaking of the Canadian Merchant Marine having withdrawn, and the American Shipping Board having sat in, on page 203, I made the remark—

“If the balance of power has been disturbed, I hope you will not blame the North Atlantic Conference for it.”  
I am reported as saying—

“If the operations of time have been disturbed.”

If the witness may be permitted, perhaps he could file with the reporters the very short memorandum that he read at first. It need not be read again before the Committee, but can be incorporated in the proceedings.

The CHAIRMAN: That is quite satisfactory.

*By Mr. Montgomery, K.C.:*

Q. I understand, Mr. Marlow, that you wish to make one or two corrections in the evidence you gave on Friday?—A. Yes, on pages 555 and 556 of the typewritten evidence.

Mr. MONTGOMERY, K.C.: On page 187 of the printed evidence.

The CHAIRMAN: Refer to it as KK-6. The first thing to do is to put in the short memorandum that he was reading from and which was not inserted.

*By Mr. Montgomery, K.C.:*

Q. Yes. Will you file with the reporters a copy of the short memorandum which you read and which described the course of Atlantic shipping during the war?—A. Yes, I can file that.

Q. Have you it there?—A. Yes.

The CHAIRMAN: The witness produces memorandum. Memorandum produced as follows:

*“British Government Requisitioning Scheme*

Upon outbreak of war British Government under Defence of Realm Act took over such British Registered Ships as they then required for immediate transport of troops, etc., and appointed Committee to determine conditions of hire.

Committee's decisions embodied in what is known to Shipping Companies briefly as ‘Blue Book Rates,’ and contains rates of hire for different classes of ships and conditions of hire, including specimen Charter Party Form.

This system placed those Lines whose ships were most suitable for Government transport at a disadvantage with those of other British Lines and of neutrals who were then getting advantage of higher rates obtainable owing to shortage of tonnage.

To get over this situation it was arranged in 1917 to bring under what was called the ‘Liner Requisition Scheme’ all ships of British register not then operating under Government charter. This scheme called for owners continuing to operate their own ships but to turn over to the Government results of each voyage. Owners in turn were allowed hire rates on Blue Book basis on business handled and allowance for establishment expenses.

Government instructed each Line engaged in North Atlantic business to nominate a representative to meet with other representatives of other Lines in a committee to determine how best to use available tonnage in interests of Allies. If person nominated met with approval of Government, Line was notified accordingly and also the Committee.

This Committee considered requirements of situation each month and distributed tonnage over routes in accordance with requirements.

[Mr. W. T. Marlow.]

Government dictated to Committee what proportion of space was to be allowed for ordinary commercial shipments and at same time fixed the rates to be charged for same. Different rates charged on cargo coming forward on Government orders to cargo shipped account commercial firms.

In 1919 the Government gradually released control of all ships, but in doing so stipulated that all lines would hold at disposal of Government a certain percentage of space for Government stores on each voyage. This percentage varied each month and gradually reached Zero."

The CHAIRMAN: The witness produces a memorandum which did not appear in the last report of his evidence, and which will be put in immediately after the resumption of his evidence this afternoon. Is that satisfactory, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Yes, Mr. Chairman.

*By Mr. Montgomery, K.C.:*

Q. I understand that on page 187 there is a correction as to date. You said you had been in your present position since February, 1922. Is that correct?—A. That should read February, 1923.

Q. He said 1922 the other day, Mr. Chairman. It was not a stenographer's error. And in speaking of the number of lines now representing the United States Shipping Board, you mentioned that there were four lines now operating the fleet of the United States Shipping Board, and each of them members of the New York Conference, is that correct?

The CHAIRMAN: Perhaps you have it in the typewritten copy. I have a distinct recollection that he said a certain number of ships of the American Shipping Board had been distributed between four lines, if I recollect, and that these four lines formed part of this Conference.

Mr. MONTGOMERY, K.C.: On page 200 the first reference occurs and it appears, "four." That number "four" is given in several places up to that.

*By Mr. Montgomery, K.C.:*

Q. Is that exactly correct, Mr. Marlow?—A. That should read "three lines."

Q. Will you mention the lines?—A. The United States Lines. The American Merchant Lines. And the Oriole Line. I had in mind a picture of the Conference, and in addition to the three members representing these lines, the Shipping Board member sat in. There were really four representing the Shipping Board. That is what confused me.

Q. The Shipping Board representative himself continued to sit in until quite recently, did he not?—A. Yes, he did.

The CHAIRMAN: We have never had explained to us, Mr. Montgomery, very well, just the difference between "sitting in" and being part of the Conference.

*By Mr. Montgomery, K.C.:*

Q. I wonder if you can answer that, Mr. Marlow? I am quite incompetent.—A. Well with regard to the Shipping Board, they had a separate U.K. Conference of their own, and, as I explained, I think, previously, they sat in with us but they were not part of our Conference. Now that is changed. Since the Shipping Board Lines, three in number, have now actually joined our Conference, I think there is now one U.K. Conference including the three Shipping Board Lines.



*By the Chairman:*

Q. Do I understand this then, Mr. Marlow, that when a line sits in with you it learns what you are doing, but does not by the mere sitting in, bind itself to abide by your decisions, and then when it becomes a member of the Conference, it becomes a full member and has to abide by the decisions?—A. That is not correct, Mr. Chairman. Both the Shipping Board members and the Canadian Government Merchant Marine members when sitting in our Conferences, agreed to all our arrangements and rates.

*By Mr. Symington, K.C.:*

Q. Could their votes stop the change then, if they were only sitting in?—A. Yes, their vote could stop the change.

Sir HENRY DRAYTON: It is the difference between Tweedledum and Tweedledee.

The CHAIRMAN: Or between six of one and half a dozen of the other.

Mr. FLINTOFT: "Sitting in" is a popular term there.

*By Mr. Duff:*

Q. Did they contribute?—A. Yes, they did contribute.

Mr. Montgomery, before we leave that, there was one other misstatement I made, if I may be permitted to correct it. I said that the de-control of ships ceased June, 1920. I should have said February, 1920. Mr. Stevens asked the question.

Mr. RINFRET: What date would that be? It is page 189.

Mr. MONTGOMERY, K.C.: That should be "zero point in February."

Mr. MARLOW: February, 1920.

The CHAIRMAN: It should read "zero point in February, 1920."

Mr. MARLOW: Yes.

Mr. FLINTOFT: There are a number of words to be corrected.

The CHAIRMAN: I do not want to take the time to correct obvious mis-reportings.

Mr. FLINTOFT: They use the word "co-lateral" for "neutral." It does not make sense at all.

The CHAIRMAN: I do not think we should take up the time of the Committee with that.

*By Mr. Montgomery, K.C.:*

Q. In your evidence on Friday, Mr. Marlow, you traced for the Committee the history of the transatlantic shipping during the war, and the rate schedule current at the time that the boats gradually began to filter back into private hands, did you not?—A. Yes, sir.

Q. And you explained the trend of freight rates from that time on—A. From 1919 to March, 1924.

Q. It was in the beginning of 1919 that reductions, and frequent reductions were made, you explained, in the rates?—A. That is so.

Q. Down to what date?—A. Down to March, 1924.

Q. At the time that the ships were taken back into private ownership, was it generally expected that peace conditions, freight rates as well as expenses would steadily and rapidly diminish?—A. We all had hopes that we would get back to pre-war times, but we did not realize it in the shipping world any more than in any other of the world's affairs.

Q. And dealing particularly with shipping, what was the curve of freight rates and expenses?—A. They seemed to be gradual—there was, a gradual

[Mr. W. T. Marlow.]

decline in rates to the end of 1923 and early in 1924, and from 1922 contrary to our expectations, expenses commenced to go upward.

Q. And what was the result of that? During that time freights had all been going down?—A. Freights had been declining.

Q. And what was the result of that?

*By Sir Eugene Fiset:*

Q. What was the reason for that first, and then the result afterwards?—A. The reason for what, General?

Q. For the increase in 1922? Was it the expenses?—A. Yes, general expenses; principally wages.

*By the Chairman:*

Q. Are you talking about the diminution of freights or about the increase in cost?—A. I am speaking of the turn upward that expenses took in 1922.

*By Mr. Montgomery, K.C.:*

Q. And in what condition did you find yourself in the spring of 1924, reviewing the 1923 operations?—A. In the spring of 1924, we were confronted with the operations of 1923, which showed losses. And it was evident that we were to be confronted with increases again in 1924 in longshoremen's wages on both sides of the Atlantic, and in the wages of crews on the ships.

Q. And what course was adopted to meet the situation?—A. We decided that we would try to get a horizontal advance of 25 per cent in the rates, effective March 1st, 1924.

Q. You spoke of these advances to longshoremen, and others. Were they advances demanded at the beginning of the season of 1924 In May, 1924, at Montreal.

Mr. SYMINGTON, K.C.: In May, 1924, was the increase?

Mr. MONTGOMERY, K.C.: No, they were negotiating for it.

*By Mr. Montgomery, K.C.:*

Q. You have explained already that the curve of the expenses had been upwards from 1922?—A. From 1922, yes.

Q. You spoke of a, generally speaking, horizontal advance in rates that you endeavoured to obtain. Will you explain that a little more fully, please?—A. We took the general commodity list and endeavoured to make a 25 per cent advance. That list, however, did not include grain, flour, nor, I think, lumber.

*By Mr. McKay:*

Q. Why?—A. We had no fixed rates at that time on those commodities, except lumber.

*By Sir Henry Drayton:*

Q. Did it include cattle?—A. No, the Conference had no rate on cattle either.

*By Mr. Montgomery, K.C.:*

Q. When you speak of this horizontal advance, you are only dealing with Conference commodities, and not what has been referred to as open commodities?—A. That is right.

Q. I am asked what that is. "What has been referred to as open" I said. We all know what is meant. While we are at it, I ask you the question. I do not know whether you are able to answer it, can you give us any idea as far as the Canadian Pacific lines are concerned, what proportion of the bulk of your freight is represented by grain and flour?—A. My recollection is that it is around sixty per cent. Between sixty and seventy per cent.

[Mr. W. T. Marlow.]

Q. So that any increases you could bring into effect would range only over the thirty or forty per cent which remained?—A. Yes, which we call "general merchandise" or "package cargo."

Q. Dealing with that portion of it, did the advance remain a horizontal one exactly, or were there adjustments?—A. No. Complaints were received from various shippers and shippers' Conferences and organizations, and we gave attention to them and finally reduced many of the rates again where we thought they would be a deterrent to the marketing of the goods.

Q. I suppose this will appear more upon the accounting end, but can you say, generally speaking, the advance that you made was more than sufficient to take care of the increased expense?—A. As you say, it is a question of accounting, but I know in a general way that it did not help us out to any great extent in our increased expenses.

Q. All I wanted to get was whether the advance was more than sufficient to take care of the unfavourable condition of your operating expenses?—A. It did not take care of that.

Q. Now, before dealing in detail with the question of rates, I think it would be helpful to the Committee if you gave them a picture from a geographical point of view of the ocean freight situation, dealing particularly with the territory covered by the North Atlantic U. K. Conference?—A. In the winter season practically all territory west of Montreal in Canada is competitive for the Canadian as well as the United States North Atlantic Ports. In the summer time the line is somewhat west of that. For instance, as is well known, the Wabash and the Michigan Central operate lines in South-western Ontario and they maintain the same basis of inland rates to New York as to Montreal in the summer time. That is a thickly populated district and there are many goods originate there for export. So that, broadly speaking, in Canada we are really working in common territory, both in Canada and the United States, with the United States port lines.

Q. You speak of the "United States port lines;" to what do you refer?—A. I mean the lines running from the United States ports. So far as the Customs boundary is concerned, it is not there in respect to exports, because of the bonding privileges which exist as between the two countries.

Q. Then, does the boundary line which exists for so many purposes between the two countries, exist to anything like the same extent in ocean shipping?—A. No, it does not, for the reason I have already explained, that the bonding privileges overcome that.

Q. Just as an illustration of that in dealing with your own particular line, could you give us any idea of how much of your freight originates from United States territory—the freight which you take out from your Canadian ports?—A. We took some figures out last year for our own steamship lines, and 38 per cent, including grain, originated in the United States.

*By the Chairman:*

Q. That is, for the season of 1924?—A. For the season of 1924; Canadian Pacific Steamships, only.

Q. Was that just for the port of Montreal? I suppose you go to Portland in the winter?—A. No; we go to West St. John in the winter.

Q. The shipping season is for Montreal?—A. For the entire year.

*By Mr. Montgomery, K.C.:*

Q. Which would include your operations from Montreal in the summer, and West St. John in the winter?—A. That is right.

The CHAIRMAN: The C.P.R. handled from Canadian ports 38 per cent of American products.

[Mr. W. T. Marlow.]



Mr. SYMINGTON, K.C.: Including grain.

The WITNESS: I think it would be more correct to say that the Canadian Pacific steamships did.

The CHAIRMAN: That is what I meant.

The WITNESS: You said the railroad.

Mr. MONTGOMERY, K.C.: Perhaps it is more correct to put it this way: that 38 per cent of the traffic handled by the Canadian Pacific Steamships—

The CHAIRMAN: Outward bound.

Mr. MONTGOMERY, K.C.: —outward bound, originated in the United States.

*By Mr. Montgomery, K.C.:*

Q. Excluding grain, could you give us any figures?—A. Excluding grain it was about 20 per cent.

*By Mr. Shaw:*

Q. What percentage of the North Atlantic traffic does the C.P.R. handle?—A. We have never had any consolidated figures, from which we could work that.

Q. Approximately? Give us a rough estimate?—A. I would say between one-fifth and one-quarter. Are you speaking of Canadian traffic or of the entire traffic—

Q. I would like to know both, if you can tell me?—A. I was speaking more particularly of the Canadian traffic. I have not the slightest idea of what we handle. If you take into consideration the United States port lines.

*By Mr. Montgomery, K.C.:*

Q. I suppose in the same way that a certain amount of Canadian freight goes via American ports?—A. Yes, but I do not think they handle the same percentage of our products as we do of theirs, except, probably, in respect to grain.

Mr. MONTGOMERY, K.C.: I do not think you had better spread that too much upon the record.

*By Mr. Montgomery, K.C.:*

Q. The grain question has already been pretty fully discussed—and the reasons for it?—A. The grain question has been gone into, I think, very fully.

Mr. MONTGOMERY, K.C.: Mr. Flintoft suggests that we had better not emphasize the percentage of the tonnage going through the Canadian ports—American tonnage.

The CHAIRMAN: Would you think it wise to strike that out of the record—. I suppose they know where our business goes.

Mr. SYMINGTON, K.C.: Nobody seems to be discussing it except my learned friend.

*By Mr. Montgomery, K.C.:*

Q. I think, in your evidence on Friday, when we were commencing to take up rates you described to the Committee, did you not, the meaning of the terms concerning which Mr. Symington was inquiring, "Neutral rates," "Parity rates," "Initiation rates," "Emergency rates," and "Control rates?"—A. That was all included in the report I read after I had made my visit to Washington in April, 1920, which I understand is incorporated in the evidence.

Mr. MONTGOMERY, K.C.: I do not know whether it is or not. I have not checked it up.

[Mr. W. T. Marlow.]

*By Mr. Montgomery, K.C.:*

Q. While we are on this question of emergency rates, I would be glad if you would assist the Committee with any explanation that you can give for their reasons and functioning?—A. The emergency rates were first a practice of the Gulf Conference before the joint arrangement. They were established to enable the line to quote, for a short period, rates which were necessary to fill up distress room, or meet the outside competition against the established lines. When the emergency was over, the tariff rates were restored.

Q. My learned friend will no doubt be anxious to question you concerning a gentleman called Reardon-Smith,—I think his name was, was it not?—A. Yes, Sir William Reardon-Smith.

Mr. SYMINGTON, K.C.: They were quite a thorn in the flesh for some time, were they not?

The CHAIRMAN: These knights go to redressing of human wrongs in the steamship business now.

*By Mr. Montgomery, K.C.:*

Q. To get down to something more pertinent to the question—

The CHAIRMAN: Mr. Shaw asks what a distress rate is; perhaps the witness would explain.

*By Mr. Montgomery, K.C.:*

Q. Would you explain what a distress rate is?—A. In shipping, a distress is known as when the steamer is about to go on the berth, and finds she has not booked the cargo at the rate asked for that she requires. Then she makes special rates to make up the cargo lacking.

*By the Chairman:*

Q. She takes it cheaper than the ordinary rates?—A. Cheaper than the ordinary rates.

Q. And the condition of mind of the owner gave the name to the rate?—A. That is your interpretation, Mr. Chairman.

*By Mr. Symington, K.C.:*

Q. Mr. Marlow, the first part of your definition of an "emergency rate" is the same thing?—A. Yes, but I am not through with that. I was interrupted there.

*By Mr. Rinfret:*

Q. Does that happen very often?—A. Very often. It happens more often in the Gulf, where it was first originated, than it does in the North Atlantic.

Q. Does that not conflict with the Entente you have in the 'countries'?—A. It is the arrangement of the Conference.

Q. But what is the control over that?—A. The control is that these emergency rates are submitted by telegraph by the members by whom they are proposed, from time to time.

Q. They have to submit the rate by telegraph?—A. Yes.

Q. There is no distress rate passed at the eleventh hour—at the very last moment?—A. As applicable in the North Atlantic it applies more particularly to grain, and I will come to the explanation afterwards as to how we take care of it with respect to grain.

Mr. DUFF: They put the flag at half-mast in the rigging.

[Mr. W. T. Marlow.]

*By Mr. Symington, K.C.:*

Q. Are there any distress rates in the North Atlantic excepting on grain?—  
A. None that I know of.

*By Mr. Montgomery, K.C.:*

Q. Is that all you have to say about the emergency or distress rates, because, if it is, I want to ask you about contract rates?—A. I want to proceed there. I finished explaining what was the practice in the Gulf. At the meeting held in Atlanta between the Gulf, South Atlantic, and North Atlantic, in February, 1921, this emergency-rate arrangement was put into effect as between the several Conference districts. That is to say, one district would require to make an emergency rate, and would notify the other districts, with the reasons, and that rate would remain in effect for quoting for a ten-day period, and understood to be withdrawn when the 10 days expired.

Q. Now, what about contract rates to which reference has been made?—  
A. This was a plan originated by the Conference to endeavour to secure the patronage of shippers to Conference lines, largely for the period of a year.

*By Sir Eugene Fiset:*

Q. Were these contracts made by the Conference or by each Company?—  
A. The contracts were made by the Conference with the shipper, or a freight group of shippers, but were open to all other shippers, large and small alike, and the shipper had the privilege of a contract to use any Conference line.

The CHAIRMAN: That is the object of the contract, Mr. Montgomery, taking what the contract provided for.

Mr. MONTGOMERY, K.C.: Would that not be more or less self-explained?

The CHAIRMAN: No, it is not quite as clear to me. He said the object of the contract was to attract shippers to the lines; they were applicable to all Conference lines. I wanted to know just what the contract was, whether it was to give them a rebate, or a special rate, or what it was.

*By Mr. Montgomery, K.C.:*

Q. You might answer that question, Mr. Marlow?—A. They got a special rate below the list rate in return for their continued patronage of the Conference lines.

Q. And that was open to all shippers, large or small?—A. It was open to all shippers large or small, who would engage to use the Conference lines for the period designated.

Q. So that there would be no discrimination as between large and small shippers, no matter where they might be?—A. No, no discrimination.

*By Sir Eugene Fiset:*

Q. That is rather different from what we have had heretofore. I think we were under the impression that those contracting rates were made between the companies and the shippers. Now you say the contracts were not made that way. Didn't Colonel Gear say that the contracting rates were open to any of the companies within the Conference? They are two altogether different things.

Mr. MONTGOMERY: I am afraid my memory is not good enough to enable me to say just what Col. Gear did say. I suppose the notes are here.

*By Mr. Symington, K.C.:*

Q. I think it was done both ways?—A. Yes. In one instance I found that the Secretary of the Conference could sign, and in another the individual line could sign.

[Mr. W. T. Marlow.]



*By the Chairman:*

Q. Perhaps you would help us in that, Mr. Marlow?—A. To my recollection, under any of these contracts the rates would be open to the shipper, that is, the shipper would be open to use any Conference line. There were cases I think both in our case and the Canadian Government Merchant Marine where we put in a basis of that kind, to enable the Canadian shipper to market his goods in Britain in competition with some shipper in the United States on a similar contract, and in that case as the business was small it may have been an individual contract.

*By the Chairman:*

Q. Between the individual line and the individual shipper?—A. Yes. There was not enough to go around.

Sir EUGENE Fiset: But that eliminates all competition as between the different lines, while we have been left with the impression that there was competition within the same lines in the same Conference.

Mr. MONTGOMERY, K.C.: The keen competition that was referred to was the keen competition for the business, but the whole idea of the Conference is, subject to the exceptions that have been mentioned, to accomplish stability of rates, but the competition is exceedingly keen as between the lines, to get the traffic. That is my understanding of it.

Sir EUGENE Fiset: It is hard to understand the competition between the lines forming part of the same Conference.

*By Mr. Montgomery, K.C.:*

Q. It has been suggested, Mr. Marlow, that the keenness of the competition might have been in some way diminished by the fact that the rates have been agreed upon; what would you say, as a traffic man, as to that?—A. I would say that the keenness of the competition was not diminished by reason of the uniformity of rates. Speaking for my own company, I know that I am expected by my management to explain why I do not get a fair share of the traffic.

*By Sir Eugene Fiset:*

Q. But whom do you compete with, is it with the Conference, or is it with the shippers?—A. It is with the members of the Conference.

Sir EUGENE Fiset: That is what I thought.

*By Mr. Rinfret:*

Q. How do you explain it; if you do not get a fair share of the shipping contracts, how do you explain it?—A. It means that our organization has not been alive to what is required of them; our soliciting agents have not been after the shippers hard enough, or we have not seen them often enough.

Q. But on what ground are you fighting the other lines?—A. Through service and representations that we can handle their traffic better.

Q. Do you not think the competition would be much closer and much more active if you were competing as to rates also?—A. Yes, I think that would add to the keenness of the competition.

Mr. MONTGOMERY, K.C.: You might even have a rate war.

*By Mr. Duff:*

Q. You would get more business if your rate was lower than the other lines?—A. There would be a rate war, and the result would be the survival of the fittest.

[Mr. W. T. Marlow.]

Q. But would you get more business if your rates were lower?—A. We would for a time.

Q. What do you mean by saying that you would for a time?—A. I mean that we would get more business for a time, but they would meet us or go below us again. That is the natural thing which would happen.

*By Mr. Montgomery, K.C.:*

Q. That has been seen before?—A. We would only secure the traffic insofar as our rate was lower than the other lines.

Q. If you tried to persist and met one cut with another cut, the practice would go on ad infinitum?—A. Absolutely.

Q. Until either one or the other of you would get sick of it?—A. That is right.

Q. And the public would pay for it afterwards?

Q. And the public would pay for it afterwards?—A. I would not like to say that.

Mr. SYMINGTON, K.C.: That is one point we can agree upon, Mr. Montgomery, the public pays.

Mr. RINFRET: That seems to be the conclusion. Sometimes they try to make the public pay too much, and it does not succeed, and they pay again, whether they are paying to-day or not.

WITNESS: I think it is only fair to state to the Committee that very frequently and in many businesses the rate of freight is a small factor in the transaction. We have had it said by shippers time and again: "I do not care what your rate is, so long as I know my competitor is paying the same rate; what I want to know is, am I reaching the foreign market on the same basis as he is." He is not so keen after the low rate.

Mr. RINFRET: I wish each delegation would speak the same language, when they come before the Government.

WITNESS: You do not hear from all the parties; you only hear from those who want to complain.

Mr. MONTGOMERY, K.C.: I assume we will hear from them all; they have a fine chance to come forward, if they have any complaint to make.

Mr. SYMINGTON, K.C.: A lot of them have been scared off. I could give you the names of lots of them.

*By Mr. Montgomery, K.C.:*

Q. Now, a reference was made to the initiative rates; will you kindly explain that, or the initiation; I think it originated with the Gulf Conference, did it not?—A. Yes. The term initiative originated, so far as our use of it was concerned, after the joint arrangement between the Gulf, the South Atlantic and the North Atlantic Conferences. As I explained there were certain commodities on which the Gulf had the right to initiate the rate, that is to say, they made the rate and notified us, the other two Conferences, that they made the rate; likewise the North Atlantic made a rate and notified the other two Conferences that that was the rate.

Q. And inside the North Atlantic Conference itself, I think, reference was made to certain commodities in which the Canadians alone had the power to initiate or promulgate a rate, without any consultation with the others?—A. There were four commodities on which we had the right to make the rates and notify the Conferences that we had made them; those were Asbestos, Nickel, Woodpulp, and Deals. They were not, in the strict sense in which we use the word, initiative in the Conference, Canadian initiative, they were commodities on which the Canadian lines had the right to make the rates, because they were essentially Canadian products.

[Mr. W. T. Marlow.]

Q. And it was and is merely a question there of your notifying the others of the rate you have or had made?—A. Yes. We usually made it effective a day or two ahead, so that we would not take advantage of it going into effect before they knew it was in effect.

*By the Chairman:*

Q. And it was their duty to follow that rate?—A. They had to follow that rate.

*By Mr. Montgomery, K.C.:*

Q. Apart from that, as against the other lines, you had to put out a rate; have the Canadian members of the Conference taken any considerable part in the initiation of changes in the rates?—A. We have always taken a very active part. It is natural that the Canadian lines, and particularly the Canadian Pacific, and, when they were with us, the Canadian Government Merchant Marine, who are essentially Canadian lines—we have no services from any United States ports—that the Canadian lines should be very jealous of having their rates in respect of the Canadian traffic interfered with, and for that reason we were always keen to get what we thought were reasonable rates for Canadian trade. We frequently proposed reductions, and frequently they were granted. There were times when the commodity might be one that was perhaps produced more largely in the United States than in Canada, and they might say “here we are getting the conference rates without any trouble, the shippers are satisfied with them.” In that case we would not perhaps press our point. There were many other cases where the rates we proposed were readily assented to.

Q. In fairness, what have you found the attitude of the North Atlantic Conference to be in respect of rate changes and rate reductions suggested by the Canadian members of the Conference?—A. I have found them very considerate at all times and willing to listen to our proposals.

Q. What I want to get at is, is there in any sense, or have you felt any spirit of domination by the American interests or the American members of that Conference as against Canadian shippers?—A. No, we have never found that; we have always found them acting in a very fair spirit.

Q. Serving as you do the same territory geographically, as you explained a few minutes ago, have you found any difference made on account of the boundary line in proposals coming from members on one side or the other side of the boundary in reference to reductions in rates or changes in rates?—A. We have never found that distinction. When we think of packing house products, we think for instance of packing house products manufactured in Canada and in the United States both, and I do not think for the purpose suggested that whatever is manufactured in the United States is thought of in that way, or that whatever is manufactured in Canada is thought of in that way. We are dealing with the commodity in the abstract, believing that it is from a common territory and origin.

Sir EUGENE Fiset: It is said that it is initiated by the other members of the Conference. You have four commodities upon which you initiate rates, and that nobody else could initiate rates on them.

Mr. MONTGOMERY, K.C.: I hope the witness explained it to you fully. I don't think I understood it in that way.

WITNESS: I hope I have not left the Committee with that impression.

The CHAIRMAN: Tell us what the real situation is.

*By Mr. Montgomery, K.C.:*

Q. It has been suggested by Sir Eugene Fiset that the Canadians have the right to initiate rates in respect of four commodities which you have mentioned,

[Mr. W. T. Marlow.]



and that the United States members of the Conference have a similar right, an arbitrary right to initiate in respect of all commodities.

Sir EUGENE Fiset: I said on four. On some of the remaining commodities we must have the same right as the others.

Mr. MONTGOMERY, K.C.: We misunderstood each other.

WITNESS: I do not understand the United States lines claim the right to initiate on any commodity; on the other hand, naturally when they commence to tell about a product of the Southern States we take very little interest in what they do or say; they do not interest us. But they do not insist on the right of making a rate on cotton without consulting us.

Q. So that Canada enjoys an exceptional advantage in respect to those four commodities?—A. Yes.

Q. Of the remaining members of the North Atlantic U.K. Conference, have the American members of the North Atlantic U.K. Conference the same initiative you have in respect to any commodities whatsoever?—A. They have.

Q. I say have the American members of the North Atlantic U.K. Conference the same initiative you have in respect to asbestos?

*By the Chairman:*

Q. Lumber?

*By Mr. Montgomery, K.C.:*

Q. You have told us that the Canadian members of the Conference have the initiative or the exclusive right of putting out a freight rate in respect of the four commodities which you have enumerated?—A. Yes.

Q. Have the American members of the Conference a similar right in respect to any particular commodity?—A. Not that I am aware of.

Mr. MONTGOMERY, K.C.: Does that answer it, Sir Eugene?

Sir EUGENE Fiset: It answers it but is not comprehensive. I cannot imagine it possibly exists.

Mr. MONTGOMERY, K.C.: If it does not I am sure Mr. Symington will bring it to your attention.

Q. Did you say the Canadians had the exclusive right to make rates on these four commodities?—A. Simply when the Conference decides what the rate will be. They have no right to protest because they have given us the right to make a rate. We do not consult them, we only tell them what we have done.

*By Hon. Mr. McMurray:*

Q. What commodities were you referring to when you said "we frequently demanded lower rates and were refused".—A. Did I say "Refused"?

Q. It practically amounted to that. You said we frequently requested lower rates and the Conference refused it. What commodities had you in mind then?—A. Oh, it may be anything; furniture.

Q. But it was a fact that you had frequently demanded lower rates and they had been refused?—A. No. I do not like those terms. We had frequently proposed rates and the Conference, for reasons, had declined to make the reduction.

Q. What commodities would they be proposed on?—A. I have in mind one, soap. It is largely shipped out of the United States, perhaps by the same factory as it is shipped from in Canada. Take the Palmolive Company, who have a factory in Milwaukee and one in Toronto.

*By the Chairman:*

Q. You asked for a lower rate on soap and they wanted to have it maintained?—A. Yes.

[Mr. W. T. Marlow.]

*By Mr. Montgomery, K.C.:*

Q. The large bulk of the commodity originating in United States territory?  
—A. That is it.

Q. How would the ordinarily originate? Would the freight traffic men be canvassing the Palm Olive fellow or a soap branch?—A. The membership of the Conference is largely made up of the freight managers. It is made up of the freight managers and their first duty is to try and get a volume of business for the line they represent. They are naturally interested in cultivating and retaining the good will of the trade and in that way come across all kinds of ideas as to just what the trade is and what conditions are, what they think this rate should be and so on.

Q. What do they do when they come to the conclusion that from their point of view, or the customer's point of view a change should be considered?  
—A. They usually make application to us.

Q. That is to say the shipper or you particular canvasser—I would like to get a picture of it—it is in course of discussion that it is developed that the rate is too high and it will make a reference to the Conference that the rate is too high to develop the trade and it is necessary to make a reduction?—A. Yes.

Q. You are living in this atmosphere and you are thoroughly familiar with it. Can you tell us how these things come about in practice?—A. In other cases we will get letters from shippers. In other cases the shippers' conferences or associations will take the matter up.

Q. Before you leave that, what would you say as to the bulk of your freights? Do you deal with individual shippers or are those shippers in turn represented by associations or conferences?—A. The bulk of the shippers are represented by associations or are in associations or conferences, whichever you like to call them.

Hon. Mr. STEVENS: Not combines.

Mr. SYMINGTON, K.C.: Conferences do not fix any rates.

Sir EUGENE Fiset: That word is taboo.

*By Mr. Montgomery, K.C.:*

Q. Have these associations their traffic men, traffic bureaus and so on?—  
A. They have traffic bureaus and so on and naturally the business of these traffic men is to keep in touch with freight conditions and keep abreast of the times, rates of freight and so on.

Q. If a freight rate gets out of line for any reason are you long in hearing of it?—A. I should say we promptly hear of it and it usually comes with vigor.

*By Mr. Duff:*

Q. Do you effect a remedy?

*By Mr. Montgomery, K.C.:*

Q. I want to get just what the machinery is. When a suggestion is made by either one of your canvassers or by a complaint received by a shipper or by the traffic bureau of one of these associations, how is it, in practice, handled?  
—A. Well, if it is addressed to the lines we will discuss and we will take—in Canada here, it is discussed by our Committee and we send a proposal to the Conference in New York for reduction if we think the reduction should be made.

Q. When did the Canadian Liner Committee originate?—A. In September, 1918.

Q. What is its purpose and function?—A. Originally it was formed to take care of the handling expeditiously and with facility of the movements over—

[Mr. W. T. Marlow.]

seas during the War. After the war it was a sort of a committee of the Canadian interests in the United Kingdom conference.

*By Sir Eugene Fiset:*

Q. In what?—A. The United Kingdom conference.

*By Mr. Montgomery, K.C.:*

Q. Now, when these matters came up for discussion—A. Before I leave that I want to be sure of the date there because I cannot carry them all in my mind. I think it was September or November, 1918.

Q. Have you any memorandum with you that would refresh your memory?—A. Yes.

The CHAIRMAN: Is it of real importance?

Mr. MONTGOMERY, K.C.: There was a question raised about it at one time.

Sir EUGENE Fiset: It was in 1918. The ships were released only in 1919, up to 1920, so I think it was formed in 1918.

Mr. MONTGOMERY, K.C.: The Committee was formed in 1918 but they functioned with the British Ministry of Shipping.

The CHAIRMAN: Go ahead.

*By Mr. Montgomery, K.C.:*

Q. Does your Liner Committee meet with the shippers' bodies or discuss rates or rate changes with them?—A. Yes.

*By Sir Eugene Fiset:*

Q. In order to make it absolutely plain let me ask him if this committee is the administrative body of the Canadian or Northern part of the United Kingdom Conference? That is what I would like to know.—A. That is the administrative body of the United Kingdom North Atlantic Conference.

*By Mr. Symington, K.C.:*

Q. In Canadian matters?—A. I do not know that I should call it administrative, General, but it is a committee of the Canadian Interests in the United Kingdom Conference.

*By Mr. Montgomery, K.C.:*

Q. Now, supposing the question of revision of the rate came up with anyone in these shippers' associations, produce associations or boards of trade and so on, what usually occurs?—A. We usually have a meeting and listen to what they say, patiently, and in many cases argue with them on points they raise and then we discuss the thing amongst ourselves afterwards and if it becomes a question that should properly belong to the Conference and we believe there should be a good case, we advocate it in the Conference.

Q. Illustrate that. You might mention some of the associations.

*By the Chairman:*

Q. Just before you go on, supposing you do not think that the shipper has a good case do you take that up with the conference or do you make the decision yourselves?—A. Well, in some cases if we do not think they have a good case we do not take it up with the Conference.

Mr. SYMINGTON, K.C.: Trial court and the court of appeal, I suppose?

[Mr. W. T. Marlow.]



*By Mr. Montgomery, K.C.:*

Q. Are these traffic managers and traffic bureaus fully alive to all questions of rate?—A. I think they are. Most of them employ traffic experts to keep abreast of these things.

Q. Do you have an opportunity of fixing or retaining many rates without discussion of some kind with the different shippers represented?—A. Well, a rate change, except such as I mentioned, which occurred in 1924, March 1924, is usually made after some correspondence or discussion with the shipper concerned.

Q. Will you mention some of the shipping bodies that your Canadian Committee has, for instance, conferred with?—A. We have conferred with the Nova Scotia Apple Shippers Association, with the lumbermen in Montreal, with the corn exchange, with the Canadian National Millers Association, with the produce associations, that is, cheese, butter and egg men and we have had correspondence, through the Canadian Manufacturers Association, about certain rates.

Q. Is it found to be a convenient way of discussing this question of rates as between your body and their body?—A. Yes, we have found it a very convenient way. Very frequently also, I might mention that when we do get the shippers all together in their Conference and our Conference, we find very often they are not altogether unanimous amongst themselves. We find one individual shipper in a trade will want one thing not wanted by another.

Mr. SYMINGTON, K.C.: They differ from the Conference in that, that they do not always agree. I should think that would be to the advantage of the Conference.

*By Mr. Montgomery, K.C.:*

Q. I suppose there are differences at times as between members of your Conference?—A. Yes, there are.

*By Mr. Duff:*

Q. But they always agree?—A. No, we do not always agree; we are human.

Q. I thought your decision was always unanimous.

Mr. SYMINGTON, K.C.: It has to be.

*By Sir Eugene Fiset:*

Q. Does that procedure apply also to contract rates as well as emergency rates?—A. I do not quite understand how they have application to the point we are illustrating here.

Q. At the present time you say you consult with shippers in regard to the fixing of rates on certain commodities we have named.—A. As regards contract rates we must of course, consult with the shipper with whom we are contracting. The contract comes about by reason of an agreement with the shipper, or group of shippers.

*By Mr. Halbert:*

Q. How do you come to the conclusion as to which of them has a good case, take for instance the shippers of fruit in Nova Scotia?—A. Might I have that question repeated?

Q. How do you decide whether they have a good case or not; how do you come to the conclusion as to which has a good case? For instance, take the fruit growers in Nova Scotia, or the manufacturers.—A. When I was speaking of a good case, I was not speaking of one group of shippers or producers as against another. We take all those factors I spoke of the other day into consideration. For instance, if they have explained why they ask for a reduction

[Mr. W. T. Marlow.]

in rates, and we believe that what we are getting for ocean transportation is not exorbitant, to commence with, or is not going to interfere in any way or act as a deterrent to the marketing of their goods, and they cannot promise an increase in volume in the way of movement, we think the rate probably should be maintained where it is. In other cases they make representations which we believe are good, requiring a reduction in the rate.

Q. Would the prices on the Old Country market have anything to do with it?—A. Most decidedly it is a factor.

Q. The competition on the Old Country market, for instance?—A. Yes, that is a decided factor.

*By Mr. Montgomery, K.C.:*

Q. Now, you described to us how these matters are handled when they originate at this end. You make your representation then to the Conference secretary?—A. Yes. We do it through the Secretary, but that is simply a bureau.

Q. A sort of clearing house?—A. Through which the work is done. To follow the process through, in the ordinary course it goes to a rate committee. That rate committee is composed of several members of the Conference. Their duty is to examine into each case, on the basis of the factors that I mentioned the other day. They have a good deal of practice at this and therefore are fairly conversant with values of goods and competition and so on. They, in turn, make a recommendation, or send it to the Conference for discussion, and after each item is gone over in the Conference at these monthly meetings, principally, a decision is made as to what rate will be fixed.

Q. I see my learned friend busy with his pencil. Has the rate committee any power to fix a rate?—A. The rate committee has absolutely no power to fix rates.

Q. Or to turn down any suggestion you may make?—A. No, they cannot turn down anything. If they overlook it, even, we can bring it up in Conference. There is nothing to preclude that.

Q. It has been suggested that none of the Canadian representatives are on that rate committee. Can you tell us why that is?—A. Simply because it would be very inconvenient for us to go down to New York and spend a whole week down there over this sort of thing.

Q. And you yourself have discussed this thing with your liner committee in Canada?—A. May I finish that answer. There are occasions, I remember several of them, where we have thought quite a list of reductions should be made. In that case, we form a committee of our own and we make the recommendation forcibly as having been gone over by our own committee, or we send someone to New York to sit in with the rate committee, and explain the various factors or the various reasons why we think the reductions should be made.

Q. My learned friend asks whether the rate committee recommends to the Conference?—A. Yes, the rate committee recommends to the Conference for the simple reason that they have been over all the pros and cons of the matter, examined into the question of stowage and value and so on, and therefore they are in a position to recommend.

Q. Now, are the decisions to make reductions or increases or changes of any kind necessarily made in the Conference meetings themselves?—A. Oh, very often.

Q. Are they necessarily made at Conference meetings?—A. I do not get that question, Mr. Montgomery.

Q. Are they in practice made otherwise than at a formal Conference meeting?—A. Yes, frequently we make rates by exchange of correspondence, tele-

[Mr. W. T. Marlow.]

grams and so forth. We do not always confine our rate changes to monthly meetings.

Q. How would that be handled, just to get a picture of the whole working of the thing?—A. If a case should arise in Canada, I might probably telegraph Secretary Morse and ask him to take it up with the United States lines and get a prompt answer.

*By the Chairman:*

Q. When you say "the United States lines" you mean in the U.K. Conference?—A. The port lines, the lines in the Conference operating from United States ports. Or in turn, they might do the same. For the sake of convenience, the Canadian lines have appointed me as sort of intermediary between the Conference and the Canadian Liner Committee.

Q. You are a sort of liaison officer?—A. A sort of liaison officer.

*By Mr. Montgomery, K.C.:*

Q. And if you received, for instance, a suggestion from the American representatives that they felt a change should be made in a certain rate, what would you do?—A. Take it up with our members promptly, and if we felt there were reasons why the reduction should not be made, or the request, whatever it might be, should not be granted, we would tell them so, otherwise we would tell them we concurred.

Q. I suppose—if you wired back that you concurred, what would happen?—A. They would come back then and tell us the rate would become effective on such and such a date, with our concurrence, and that date would always be set ahead so that they would not have any undue advantage over us in respect to the day of effectiveness.

Q. Or so that no one shipper would have an advantage over another?—A. That is the object, really.

Q. And does this lend itself to ready adjustments of the rates?—A. It does. It is necessary that we have that elasticity in the making of rates.

Q. Is that a feature which is particularly prominent in the shipping industry, the necessity of frequent changes?—A. It is.

*By Hon. Mr. McMurray:*

Q. Are there minutes kept of these meetings?—A. You mean of the liner meetings?

Q. Yes.—A. Yes, they have all been filed.

Q. Or these meetings you are speaking of?—A. The minutes of the Freight Conference have been filed.

*By Sir Eugene Fiset:*

Q. The minutes of the committee.—A. The minutes of the Canadian Liner Committee have also been filed.

Q. And do you also keep minutes of the meetings between shippers and members of the committee?—A. No. On special occasions—for instance, I know the Secretary of the Produce Association, when he would be present he would take the minutes. It would not be ourselves. We usually meet them in the Board of Trade or somewhere else, so that they cannot say they are getting into the lions' den, I suppose.

*By Mr. Montgomery, K.C.:*

Q. You meet them on neutral ground, then?—A. On neutral ground.

[Mr. W. T. Marlow.]



Q. Is there any such secrecy or mystery as has been once or twice suggested insofar as the Conference or the weekly liner committee is concerned, or anything of that sort?—A. I do not know of any secrecy. It is a well-known thing with the trade that the organization exists.

Q. And they deal directly with the liner committee?—A. They deal directly with us.

Q. And with the Conference?—A. And with the Conference. We take these various associations that have been referred to, such as the National Lumbermen's Association, for instance; take the Canadian Packers, and the American Institute of Meat Packers; the Nova Scotia Apple Shippers' Association, and there is another one I was thinking of—but there are various associations of shippers, or I suppose you might even call them conferences also. They think it nothing unusual to confer with us. It is the most natural thing in the world as far as they are concerned.

*By Sir Eugene Fiset:*

Q. The only reason I asked if minutes were kept was that Colonel Gear told us they were not.—A. I believe he may have been replying that they are not necessarily kept by the Conference.

Q. But they are kept by somebody?—A. Sometimes they are and sometimes no minutes are made.

*By Mr. Montgomery, K.C.:*

Q. Depending on the nature of the discussion, I suppose?—A. Yes, and on the wish of the shippers.

*By Hon. Mr. Sinclair:*

Q. Is it usual to have these shippers separately or do they have them together?—A. We frequently meet them collectively through their associations.

Q. Collective associations?—A. Yes. For instance, in the grain trade, the Corn Exchange; the flour trade, the Canadian National Millers' Association, and so on.

Q. You meet them all together?—A. We meet them all together.

*By Mr. Montgomery, K.C.:*

Q. Take one of the larger associations, such as the Canadian Manufacturers' Association, which represents all manufacturers. Do you correspond directly with them?—A. We correspond directly with them. I have never known of our have a meeting with them, but I believe that would be impracticable, because their membership extends from one end of the country to the other.

Q. Some sinister suggestion has been made in respect to the fact that your tariffs are marked private and confidential, and that particularly your agreements, where there are agreements, lay emphasis upon the fact that proceedings at the conferences are to be treated confidentially. Can you tell us any of the reasons why it is necessary that proceedings of the meetings, your meetings or conferences, should be treated confidentially?—A. I do not know any other reasons than exist for the Lumbermen's Association, or the Apple Shippers' Association.

*By Mr. Symington, K.C.:*

Q. But you do not belong to them?—A. They do not publish their proceedings either, and there is nothing sinister about it. There is no question that rate changes and different things that take place within the Conference might be construed quite differently from what is meant if they were put out.

[Mr. W. T. Marlow.]

*By Mr. Montgomery, K.C.:*

Q. Supposing Line A—

*By Mr. Duff:*

Q. I do not see why they should be made public.—A. That is our idea. We do not see why they should be made public, either, but we want to bring out, Mr. Duff, that we are not doing anything we are ashamed of, or afraid of.

Mr. MONTGOMERY, K.C.: In this particular case, if I might mention it, we are in a most peculiar position. I am not complaining, because we have not protested at all, but as a matter of fact I do not know of any other proceeding where the other side could demand that all your minutes and all your correspondence be placed right in their hands to go over. A criminal proceeding, with a search warrant, is the only time I have ever heard of that being done. I do not know of any association or body of men who would willingly throw all their minutes and files of correspondence into the hands of their adversaries, and it would indeed be surprising if considerable comfort to the enemy could not be found in something there.

Mr. DUFF: I do not admit that we should not have all that; what I say is that between the Conference, or the steamship companies, there is no reason why that should be made public, but I do say that in an investigation of this sort we are certainly entitled to all the evidence and all the minutes.

Sir EUGENE Fiset: In other words, we are not here "on the other side."

Mr. MONTGOMERY, K.C.: But my learned friend is here on the other side.

Mr. SHAW: And this has become a public matter.

Mr. MONTGOMERY, K.C.: I have looked at the records of several of these enquiries, and I do not remember of one where the minutes and correspondence have all been thrown in. We have not complained, and I am not complaining now, except that I will not be very much surprised if my learned friend does not spend a considerable time with the minutes and correspondence, and I cannot imagine any body of minutes or any file of correspondence, that you get into your possession or go through that you do not find something to cavil at.

The CHAIRMAN: This is really not of great importance, Mr. Montgomery, but two years ago when we had an enquiry or something of this nature, before a Special Committee of which I was Chairman, we had the greatest difficulty in getting admissions of the fact that there were any minutes of a Liner Committee; but when we found there were any, we asked them to place them in our hands and they did so.

Mr. MONTGOMERY, K.C.: There were explanations that I have made to you, Mr. Chairman. I do not wish to go into them all.

The CHAIRMAN: The point is that it is not altogether an unheard of proceeding for people to be asked to put their minutes in the hands of a Parliamentary Committee.

Mr. MONTGOMERY, K.C.: I have not much experience of Parliamentary Committees.

Mr. SYMINGTON, K.C.: You will know better next time.

Mr. MONTGOMERY, K.C.: I have been through the records of many of them, and I do not know of any either in the Old Country or in the United States where that practice has been in use.

The CHAIRMAN: Perhaps that shows the greater confidence that we have in them in the Dominion of Canada.

[Mr. W. T. Marlow.]

*By Mr. Montgomery, K.C.:*

Q. Now dealing with one particular class of rates, namely the Grain Rates, will you tell us how they are handled whether there is any difference now from former days and in the particular method?—A. In the Conference they fixed the rates on grain up to December 1921.

Q. Why was it abandoned?—A. It was abandoned because some of the lines thought they were not getting their share. Some of the New York Lines thought they were not getting their full share of Canadian grain.

Q. It has been suggested to us that there is a distinction between the way in which the rates are fixed by the Conference in respect of Conference commodities and are quoted, instead of being fixed in respect to grain. That distinction has not been made very clear. I would be glad if you will give a little picture of just how grain is handled?—A. Well, grain is a commodity quite different from any other which we handle. We have what is called a Grain Committee. They meet every day on the Board of Trade Exchange floor. They talk things over as Col. Gear described, as to the stocks, the markets, the movement, etc., and they decide that they are going to ask a certain minimum rate. It is usually for quotation in the future. For instance we will take the month of February. In the month of February, perhaps they are talking about what the minimum rate will be for May. Now, they say, we will ask a minimum of three shillings for May, for Montreal. That is three shillings per quarter, for May for Montreal. Then the Canadian Pacific, as one of the lines, may think that is a pretty good rate to book at in May; and if we can book grain at that three shillings per quarter rate in February, for May shipment, we will probably book up perhaps two thirds of our requirements for May at that rate. One of the other lines, who have agreed that that is the minimum asking rate, may say: I am not going to book up at three shillings, I think the rate will go at 3/3; I am going to hold off a little while. Now that goes on from day to day. Let us go right into May now. We come to the month of May, and some of the lines are booked up; but some of them have still a lot of space unbooked. The rate has dropped, we will say, to two shillings. They have got to take two shillings to fill the space that they have not booked at the rate agreed far in advance. Or it may be the other way about. The rate may have gone to 3/3 in May. In that case they have got the better of the man who thought, in his wisdom, that it was wise to book at three shillings in February for May shipment.

*By Hon. Mr. McMurray:*

Q. Do you sometimes go below the minimum?—A. I am coming to that, Mr. McMurray. The minimum is only fixed for the day.

*By Sir Eugene Fiset:*

Q. Explain that again? You say the minimum is fixed only for the day?—A. For the day.

Q. Notwithstanding that those rates are made five or six months in advance?—A. Yes. That is for quoting. For instance, we will say in February we will quote for May, June, or July shipment, three shillings. That is the rate we fix in February as the minimum asking rate for those three months.

*By Mr. Duff:*

Q. Do you get that rate?—A. The minimum asking rate?

Q. Do you get that at the time when it comes? You do not go below or above that?—A. Oh yes. I will come to that. I was coming to the month of May when I was interrupted. I say, many of the lines have not booked up all

[Mr. W. T. Marlow.]



of their requirements and by this time the rate has dropped, probably to 2 shillings or less. Then the line has got to go in, and fill up that space at the lower rate.

*By Hon. Mr. Stevens:*

Q. What about the stuff you booked at 3 shillings?—A. That still remains at 3 shillings. The supposition is that that grain has already been bought and sold based on a 3 shilling freight per quarter.

Q. I understood from someone here that as far as the Conferences here were concerned, they all had the same rate on grain.—A. No, that is not so. We will have steamers leaving in May which will have grain at several rates on them.

*By Hon. Mr. McMurray:*

Q. Do you make contracts for that with shippers?—A. Absolutely, at the time.

Q. You get your minimum rates with certain shippers?—A. No, we make a contract, if you will, for different days; 8,000 or 10,000 quarters at 3 shillings, in May, for shipment either in the first half or on a specific steamer in May.

*By Mr. McKay:*

Q. What would make the great variation in rates in May?—A. Just as I have described, that gradually from day to day, what we thought was a good prospect in February for May shipment, at 3 shillings, we may have to modify when May is reached, and come down to 2 shillings.

Q. What is the cause of the ups and downs in rates?—A. The demand in the foreign markets, and the movement in consequence.

*By Mr. Duff:*

Q. And the tramp offering?—A. Well the tramp really sets what will always be a maximum rate.

Q. For instance, you make a rate in February for May; a tramp steamer may be engaged in the last of April for May shipment and they may go below your rate. Consequently, in order to fill up the balance of your space or the space of other Conference steamers, you have to meet the tramp rate.—A. That would be so, but it is very seldom that we decide on a minimum rate in February that we think will be over the tramp.

*By Hon. Mr. McMurray:*

Q. Will the tramp go below your minimum rate that you fix?—A. A tramp can make any rate it likes.

Q. Does it actually?—A. Usually over our minimum rate.

Q. It never goes below the minimum rate?—A. No, because we have what is the possibility of the tramp rate in our minds when we decide the minimum asking rate.

*By Sir Eugene Fiset:*

Q. The tramp service does not affect the liners nor the cargo steamers to the same extent that we have been led to understand?—A. Oh yes, it is a great factor, because if you remove the tramp altogether, the liner rate might go up above what the tramp will quote.

*By Hon. Mr. McMurray:*

Q. The tramp makes the maximum?—A. Yes, and therefore, as one of the former witnesses has stated, it gets down to a purely economic reason.

[Mr. W. T. Marlow.]

*By Mr. Rinfret:*

Q. It is really a controlling factor of the rates at the Conference now?—  
A. No, not necessarily. That is only one factor, Mr. Rinfret. What really brings the rate down is, if we start in at 3 shillings—going back again to February—and we find that no movement comes out, it is natural that we will reduce our asking rate until we find that the movement responds to the rate we are asking. The same as in any other transaction.

*By Mr. Duff:*

Q. If you have made a definite contract for 3 shillings, you expect the shipper to keep that?—A. For that quantity.

*By Mr. Symington, K.C.:*

Q. To clear that up, if on February 20th, you fix a rate of 3 shillings for the first two weeks in May, any contract entered into by the Canadian Liner must be above or at that minimum?—A. For May shipment, yes.

Q. On that day, and on the very next day, February 21st, you meet again, and you may raise May shipment to 3/1d?—A. Three and a penny, yes.

Q. The very next day, and any contracts entered into then by the liners are all at that rate?—A. Not the contract that is made the day before.

Q. Oh no. I say the contract rate that you, meeting daily, fix, whether for shipment to-morrow or in May, whatever your offering rate is?—A. That is so.

*By Mr. Montgomery, K.C.:*

Q. And the grain is sold, in practice, on that rate whatever it may have been?—A. That is so.

Q. So that the seller of the grain at the point of origin, is not affected by any changes made afterwards?—A. No.

*By Sir Eugene Fiset:*

Q. That means two-thirds of the shipments that the liners or boats can possibly handle, the rate for it is fixed, and therefore it is only one third of the other cargo space to be allotted, that would be affected. Do I make myself clear?—A. I am afraid not, General. Do you refer to the quantity that goes by the tramp?

Q. No, sir. You told us a moment ago that you fix a minimum rate at a specified date that may apply three months hence. When you have fixed that rate the shipper is compelled to pay the price agreed upon for that date for the minimum, and you told us also that you might only have placed two-thirds of the shipment that the ship can handle. Therefore, there is one-third left over, and that is subject to fixation?—A. No, General. I think when I used that term I added "might have"; they might have booked two-thirds and have one-third left; they might not have booked anything.

*By Mr. Montgomery, K.C.:*

Q. Does the shipper have to pay that rate? Supposing you have an asking price on the 10th February for May shipments. Is the shipper compelled to pay that rate or could he hold off until, say, to-morrow, and wait until you come down a bit?—A. He can hold off. If he thinks we are a bit too high, he may hold off.

Q. And if you do not find the grain coming out—A. Naturally there is a depression, and down go our rates.

Q. Does it differ from the operations on the Grain Exchange or the Stock Exchange?—A. Practically the same, except probably not so speculative.

[Mr. W. T. Marlow.]

Mr. DUFF: Just there, I am not clear about the different steamers in the Conference—

Mr. KENNEDY (Glengarry): Really there is no uniformity—

The CHAIRMAN: Mr. Duff first, and then Mr. Kennedy, if you please.

*By Mr. Duff:*

Q. Mr. Marlow, are all the steamers in the Conference on a certain day expected to get the same rate, or can they go out and get a different rate? Supposing you book two-thirds of a certain steamer sailing in May at three shillings; on the 10th of May you have one-third of your cargo space to be filled, and you go out on that day and offer a rate of 2/6d. Can any other steamer on the same day offer to take it at two shillings, or do all the Conference take the business at 2/6d?—A. If you take an actual experience such as you mention and on the 10th of May—which was the day of sailing or a few days before the sailing-date of the steamer—the Line found itself in that position, it would say to the members, “I have this room in distress; I will have to go down to whatever is necessary to get the grain to fill that space”, and the Committee would say, “Go ahead”.

Q. What would they do if they had the same space you had—or the same space left?—A. They might say, if it was around the same date, “We also reserve the right to go down to that basis for ours”, or one might say, “I do not need to; I can fill up with other cargo”.

Q. Would they go lower than you? If you had a rate on that day of 2/6d. would the Conference allow them to quote a lower rate than you to get their space filled, or would you all have the same rate?—A. No, if it was distress room, such as you mention, they would say, “Get your requirements; your steamer is on the berth, and you have no time; make any rate you like to get your requirements.”

*By Mr. Montgomery, K.C.:*

Q. Is it clear that we are dealing not with a Conference as a whole, but simply with the local Liner Committee in Montreal?—A. Yes.

*By Mr. Symington, K.C.:*

Q. Answering Mr. Duff's question: Supposing you are the Line whose boat was there and had quoted 2/6d, being the rate fixed in your morning Conference, could another line go below you for that cargo?—A. No.

*By Mr. Kennedy (Glengarry):*

Q. Well, according to what you have just stated, there may be several rates then on wheat in effect, say, during the first two weeks or ten days in May by different steamers of the same line—several different rates on wheat?—A. That is so.

Mr. SYMINGTON, K.C.: But not being quoted at the same time. Let us get that clear.

*By Mr. Kennedy (Glengarry):*

Q. Contracts made on different dates?—A. That is right.

Q. But sailing on the same date?—A. That is right.

Q. Then there is really no uniformity?—A. So far as the grain trade is concerned, no. It is a fluctuating market up and down according to the supply and demand.

[Mr. W. T. Marlow.]



*By Hon. Mr. Stevens:*

Q. Just before we leave that point; the fact that your ship is scheduled to sail at a given point, and has its cargo partly completed—is that a factor, or does it constitute an anxiety for you to get cargo at a lower rate? Would it cause you any anxiety to quote a lower rate?—A. It causes us anxiety to get a lower rate.

Q. In practice, does that occur?—A. That occurs, yes, in the way I have just spoken of. Supposing it is my own, and to-day I go to the Liner Committee and say, "I have a boat on the berth on Saturday and I still need three loads to complete her; I cannot get it at the minimum rate to-day, two shillings; I have to go down to 1/6d, or perhaps 1/3d," and they will say, "Go ahead."

*By Mr. Montgomery, K.C.:*

Q. Is that a thing that comes up in these morning discussions?—A. It comes up every morning.

Q. Would you in practice get the rate at the morning meeting fixing the rate, and a distress occur during the day, or is it one of the things that come up regularly in the morning meetings and help to make the quotation for the day?—A. The distress room does not help to make the quotation for the day, but the question of distress room would be discussed at the morning meeting.

*By Mr. Duff:*

Q. Does the daily rate apply to all the Conference steamers, or can the Conference steamers go out and make their own bargains at a lower or a higher rate?—A. They would not, excepting under the circumstances I have explained.

Q. In other words, there is an understanding between the different ship-owners that they must all accept the same rate on the same day?—A. There is a daily understanding as to what the asking rate will be.

Q. And they cannot go below it or above it?—A. Except under these circumstances.

*By Mr. Montgomery, K.C.:*

Q. They can go above it?—A. Oh, yes, they can go above it, and they do.

Q. So you would quote a minimum as your asking price for that day?—A. That is it.

Q. And supposing Mr. shipper thought he would do a little better by waiting, he would make his bid?—A. That is right.

Q. So you have an asked price and a bid price?—A. Yes, that is true.

Q. And if you listed them at night you would find it would be much the same as any other exchange, excepting that it would be for only one commodity?—A. Exactly.

Q. And if you could not get bidders, what would you do?—A. We would go down in our rate.

Q. And if the bids were coming in hot, you raise the asking price, is that it?—A. That is it.

Q. Now, to get the practice of the thing: is wheat which is being exported in that way largely sold in advance and the rate obtained, which is one of the elements of the sale?—A. Yes, it is largely sold in advance.

Q. So that, for instance, if a man asked in February for May deliveries, he would get a rate from you which would be one of the elements which went into his price with the importer, in England, for instance?—A. That is so.

[Mr. W. T. Marlow.]

Q. And whether the rate went up or down would not matter to him?  
—A. That is so.

*By Mr. Symington, K.C.:*

Q. The shipper might bid more if he got a low rate?—A. That is not the usual practice, Mr. Symington. What really happens is that the broker has all his factors; he has the price of his grain at the Head of the Lakes; he has the carriage down; he has the insurance; he has all these items; he has the ocean rate; he has the certain price at Liverpool. It is a question of how far he would make the two meet, with the ocean rate as one of the links in the chain—as to how far he could go in purchasing the grain at the sea-board for delivery on a certain date in Liverpool, and he can come to meet the price paid in Liverpool for that grain.

Q. Well, he should never make any losses at that rate?—A. Some of them do; some shippers send over on consignment.

*By Mr. Montgomery, K.C.:*

Q. So it would be possible to speculate on the ocean freight rate coming down, and make his contracts without having got his contract from the steamship firm?—A. It is very frequent that what is known as a shipper, or a man who actually sells the grain, goes short on space, the same as you go short in the wheat market with the grain.

Q. It is an element that can be speculated inasmuch as any other?—A. Absolutely.

*By Hon. Mr. Stevens:*

Q. He contracts for his space?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. And makes his best guess as to the best time to pay it?—A. Yes.

Q. And his success or failure will depend on how good a guesser he is?—  
A. That is right.

*By Hon. Mr. Stevens:*

Q. Have you any occasions where the shippers repudiate their contracts?—A. I have not known of a case where a grain shipper repudiated his contract. He is also very exacting on his side. In other words, if we book for the first-half-of-May shipment, and we fail to take out the grain, we are subject to a claim for his loss.

Q. And have you ever had such claims made?—A. Yes, we have had, but they are usually adjusted by some consideration in the rate of a future shipment. We pay the losses, nevertheless, whether directly or indirectly.

*By Mr. Montgomery, K.C.:*

Q. Assuming that the grain is contracted for, and the space is bought in that way, does it make any difference to the shipper that there may be grain carrying half-a-dozen rates on the same boat?—A. It makes no difference, because he has made his transaction apparently complete before he books his freight, except insofar as he may speculate.

Q. And as to whether the rate goes up or goes down depends upon the tonnage available and the freight offered in respect to grain—to the law of supply and demand particularly?—A. Yes. When you say, "tonnage offering"—we speak of tonnage generally as ship tonnage.

[Mr. W. T. Marlow.]

Q. Yes, the tonnage demanding and the freight offering. In other words, if in Montreal to-day there were half-a-dozen ships without grain, they would all be out trying to get it?—A. That is right.

*By Mr. Duff:*

Q. Is this rate made through brokers or direct with the steamship people?—A. It is all done through brokers, Mr. Duff.

*By Mr. Kennedy (Glengarry):*

Q. Does your Liner Committee make any arrangements to regulate the number of ships offering at a certain time for cargoes?—A. No, we do not regulate the sailings.

Q. There is nothing there to regulate that in the Conference?—A. No. We are often in the unhappy position of having three or four sailings one week to a port, and none the next—for that reason.

*By Mr. Montgomery, K.C.:*

Q. Does the Conference or the Liner Committee restrict or curtail or fix in any way the number of ships which can come into the port of Montreal, we will say—the number of ships that a particular line can run on a particular route?—A. No; the number of steamers that a line will put into a particular service is of their own determination solely.

Q. Supposing the Canadian Pacific wanted to add two boats; would they have to ask anybody about it?—A. No; they can add them at their will or subtract them at their will.

The CHAIRMAN: But not multiply them.

*By Sir Eugene Fiset:*

Q. That does not apply to Liners?—A. Yes, General.

*By Mr. Montgomery, K.C.:*

Q. Does that apply to liners?—A. Yes. We frequently—I would not say “frequently”—but occasionally will find we have scheduled a steamer to sail from the other side on a certain day, and make a voyage from this side in return on a certain day, and the cargo offering is very poor, and we may cancel that sailing.

*By Sir Eugene Fiset:*

Q. Then it is your own fault?—A. But the Canadian Pacific determines all this; not the Conference.

Q. And are the rates charged by liners absolutely fixed on the quantity of grain—not taking into consideration the passenger traffic?

Mr. MONTGOMERY, K.C.: Do you refer to passenger boats?

Sir EUGENE Fiset: I said so.

Mr. FLINTOFT: There are also cargo liners.

Sir EUGENE Fiset: I meant passenger liners.

The WITNESS: There is no difference as regards the grain rate between passenger and cargo ships.

*By Sir Eugene Fiset:*

Q. Is the date of your sailing fixed by the cargo that these passenger liners will take?—A. The date of sailing?

[Mr. W. T. Marlow.]



Q. Yes?—A. In our service they are fixed by both passenger and cargo requirements, but our service is largely a passenger service and, therefore, we cater—

Sir EUGENE Fiset: It is understood in this Committee that the main consideration in fixing the date of sailing, as far as passenger liners are concerned, was the amount of space which they had—that fixed their sailings; that the passenger traffic had nothing whatever to do with it.

WITNESS: Well, in the case of our company, General, we consider both. At certain seasons of the year the passenger traffic might be very light, and cargo traffic has a greater consideration than passenger traffic, and at other seasons of the year the cargo traffic might be light and the passenger traffic receive greater consideration than cargo traffic.

*By Mr. Montgomery, K.C.:*

Q. Where does the movement originate as regards grain; who determines whether it is exported in May or in June?—A. Whoever owns the grain and employs the broker, I presume.

Q. Where is that determined; in other words, does the demand come from the importer in England or from the exporter in Canada who is shipping the grain over there to sell?—A. One would naturally believe that it is determined on the other side, that it is the other side that determines that. I have known of grain being sent over on consignment, by the owner on this side.

Q. As a general rule, it is bought in England for delivery?—A. It is bought over there for delivery. The transaction is complete before the grain leaves here.

Q. What I am trying to get at is this; will the extent of the movement be regulated by the market in England and the market requirements over there, or by the grain available here?—A. Decidedly by the requirements in England.

Q. They order it forwarded at certain dates?—A. Yes. They buy it in all parts of the globe. There might be heavy demands in Canada, but no quantity in Canada.

*By Sir Eugene Fiset:*

Q. Cargoes are not taken by cargo liners only but by passenger ships as well?—A. As far as the ship is concerned, there is very little difference between the cargo and the passenger ship. Very frequently a tramp is chartered to go to Cork, we will say, for orders. That is a common practice. At that time the shipper has not made up his mind whether he is going to put the grain into Bordeaux or into London, but that is a convenient place to go for orders, and he apparently tries to sell the grain when it is in transit, and when it arrives there he determines at what port it shall be discharged. Perhaps he has sold his grain there.

*By Mr. Montgomery, K.C.:*

Q. While I am not going to take you all over this matter, flour is something which is being considered by other bodies?—A. Yes, I understand it is under consideration by the Imperial Shipping Committee in England at the present time.

Q. You heard Col. Gear's evidence as to the difficulties involved in the handling of flour as compared with grain?—A. Yes, I heard that.

The CHAIRMAN: You might ask him what he thinks would be a fair differential. Col. Gear gave us his idea of it.

[Mr. W. T. Marlow.]

*By Mr. Montgomery, K.C.:*

Q. I will ask this question, whether it is, in your opinion, practicable to have a fair differential?—A. I can best answer that by the experience of the Shipping Board. They attempted to fix a differential of five cents per hundred pounds for the wheat as compared with the flour rate. They found it unworkable, for the reason I have explained. As I have explained it, the grain rate fluctuates so tremendously that you cannot get any basis upon which you can fix a flour rate which will last for any time. They finally came around to a method something like this; they said "we will take the average rate on grain that ruled a certain week, and we will make five cents over that the rate for flour for the next two weeks." That was the best they were able to do with a differential on flour over grain. Personally I do not think there is any relation between the two commodities, insofar as Ocean traffic is concerned.

*By Mr. Duff:*

Q. Why do they try to fix a differential?—A. You mean the United States Shipping Board?

Q. Yes?—A. We have a variety of opinions. Some of them think it was for political purposes.

*By Mr. Montgomery, K.C.:*

Q. How did it correspond with election time in the United States?—A. It was done shortly before the election of 1920.

The CHAIRMAN: It might be merely a synchronizing.

Mr. MONTGOMERY, K.C.: Just a coincidence.

*By the Chairman:*

Q. Let me ask this question, Mr. Marlow; does it cost you more to transport, including the handling of flour, than grain?—A. Yes, sir.

Q. What would you say it costs you, as compared with the cost of handling grain; does it cost twice as much, one-third as much, or one-tenth as much; do you see what I want to get at?—A. It is very hard to determine that, Mr. Chairman. In the first place, you cannot get a fixed price for the handling of flour.

Q. Although your rates on grain may fluctuate greatly from time to time, you must have some idea of what it costs you to load, carry and unload grain; now, I want you to consider how much more it costs to load, carry and unload flour?—A. Well, I could not give you that without working it out, Mr. Chairman.

Q. Have you never tried to work it out?—A. Yes, but unfortunately at that time the grain rate was much higher than it is to-day. At that time my recollection is that the grain rate was 40 cents, and we were charging 65 cents on flour. We have to-day a grain rate basis of 7 or 8 cents, while the flour rate is about 20 cents.

Q. I am not asking you to take into consideration at all what rates you are charging on grain. I am putting this question to you; you must know or have some approximate idea of what it costs you to load, carry and unload grain, and how much more it costs to load, transport and unload flour; does it cost you twice as much, given equal weight in each case?—A. Well, I have not got the items in my mind, Mr. Chairman, or I would be very glad to give them to you. I will be very glad to work it out and give an answer to the question.

Sir HENRY DRAYTON: It depends altogether upon your base; it depends entirely upon your port, it depends upon whether you have proper mechanical devices for loading and unloading grain in port. We have not got them here, but we ought to have them here.

[Mr. W. T. Marlow.]

*By Sir Henry Drayton:*

Q. In connection with your answer that you consider the question of ocean carriage is not related, it is absolutely related, from the market standpoint?—A. I agree with that.

Q. If you do not observe something like a proper and a fair proportion, you are simply putting out of business the export of Canadian flour; isn't that right? If you have too big a spread between your grain rate and your flour rate, to the extent of that spread, when it is too large, you are absolutely putting a premium on foreign milling as against Canadian milling?—A. There is no question about it, the higher the rate on flour, the less chance there is of the Canadian miller competing with the British miller.

Q. And with the shorts and other so-called refuse, sometimes we can get a proper figure, but it varies very much. If we were to put in at Montreal proper mechanical devices for loading and unloading flour, it would greatly reduce that cost, and would put our agricultural industry in so much a better position?—A. I suppose it would.

*By Mr. Montgomery, K.C.:*

Q. Before we leave this question of the grain rates and the fixed differential which you are explaining, have you any records before you of the times when the matter was taken up?—A. Are you speaking of the differential which was decided upon in the United States?

Q. In the first place, was that ever accepted by the U.K. Conference lines?—A. No, it never was accepted as a principle.

Q. As a matter of fact was it taken up at the time?—A. They never accepted the principle of there being a fixed differential for flour over grain.

Q. Was it taken up at the time with the responsible parties, whoever they were—the Shipping Board?—A. Yes, it was.

Q. Have you their explanation of it?—A. It is in the Minutes there of November 1920.

The CHAIRMAN: If Mr. Marlow is going to answer the question I placed before him just now, as best he can, would it be just as easy to postpone the examination upon that point?

Mr. MONTGOMERY, K.C.: Mr. Flintoft is turning that up, Mr. Chairman.

*By Mr. Montgomery, K.C.:*

Q. As a matter of fact, can you tell us what the current rates are to-day in the United States from American ports, on grain and flour respectively?—

A. Yes; the rate on grain works out about  $6\frac{1}{4}$  cents per 100 lbs. to-day to the United Kingdom, and the rate on flour is 20 cents per 100 lbs.

Q. And that is what is in force from New York ports to-day?—A. That is right.

*By Sir Henry Drayton:*

Q. Is Montreal the same?—A. No, at Montreal the grain rate is higher, about 10 as against 20, a spread of 10 cents.

Mr. FLINTOFT: I have a telegram here, Mr. Chairman, dated November 1st, 1920. It is given in the Minutes of November 4th, 1920, of the New York Conference, which is on file, although I do not know the number of the Exhibit.

Mr. SYMINGTON, K.C.: You did not start until 1921.

Mr. FLINTOFT: This telegram Mr. Marlow can identify. In it Admiral Benson, who was the head of the United States Shipping Board at the time, said:

[Mr. W. T. Marlow.]



"Your telegram twenty-ninth. Failing favourable consideration Shipping Board Conference wheat flour subject Board feeling prompt action imperative authorized five cents differential. According to working arrangement Shipping Board United Kingdom Conference and British United Kingdom Conference we assume subject automatically referred your members. Your telegram indicates this apparently not done which I sincerely regret. While Board realizes five cents differential not entirely satisfactory from purely steamship point of view, at same time you appreciate that Board as Government organization must consider all interests involved. Board fully appreciates co-operation at present existing between your members and Board Conferences and trusts such harmonious relations will continue. To this end you may rest assured that whenever practicable subjects of mutual interest will always be referred to you for consideration and advice before final action taken."

That is a telegram from Admiral Benson, Chairman of the United States Shipping Board, to the Secretary of the North Atlantic U.K. Conference, and dated at Washington, November 1st, 1920. That was on November 1st.

Mr. SYMINGTON, K.C.: That was on November 4th.

Mr. FLINTOFF: The telegram was dated November 1st.

*By Mr. Montgomery, K.C.:*

Q. In your experience in ocean traffic, in handling ocean traffic, would you consider it practicable to carry on business as between liners without a Conference Committee or some working together of some kind?—A. No, I do not see how we could get along in a business-like way without a Conference or some sort of an association.

Q. From your dealing with the public, whom you serve, do you find stability of rates to be a requisite on their part?—A. Very much so with manufactured products. As I stated before we have frequently had representations made to us by shippers that what they desired to know was that they were paying the same rate as a competitor and that they could rely on it for a period ahead.

Q. Would that condition obtain if you had no conference meetings or meetings of any kind?—A. I do not see how it could. I would think you would reduce each line to a basis of seeking their selfish interests.

Q. Let us suppose each line ignored the operations of the other, then it would be a coincidence if their rates happened to be the same on the same classes of commodities?—A. That is so.

Q. Is that a practical condition in operation?—A. No, it is not.

Q. Let us suppose each competed with the other in regard to price cutting in rates, what do you get there?—A. I can best explain that by going back to my early days in the railroad before there were any Commissions, any Railway Commissions or Interstate Commerce Commissions. We were all out scrambling for business, individually as best we could and we would go and deal with a lumberman to carry his entire cut for a year at a certain price and we were not caring about the small shipper or the other shipper so long as we got as much as we could at a good contract price.

*By Sir Eugene Fiset:*

Q. Following that, do you think it would be a good thing for the Canadian public if there was a public body that could control even the rates fixed by your Conference?—A. I am not in position to answer that question. General, because I am not in a position to speak for my company in that respect.

[Mr. W. T. Marlow.]

*By the Chairman:*

Q. I suppose that Mr. Marlow might, as an expert and a gentleman who has been appealed to, as knowing about these things, give his personal opinion?—A. I would rather ask to be excused, General. I am a good soldier.

The CHAIRMAN: Good soldiers do not ask to be excused.

The WITNESS: They do not have to perform a duty that their officers—

Mr. DUFF: I think that is fair.

The WITNESS: I think, as a matter of discipline I should not answer a question which my management or executive should answer.

The CHAIRMAN: The General asked him what he would think of an individual body which would have charge of the rates fixed by the Conference and Mr. Marlow says he does not want to answer.

Sir EUGENE Fiset: You should add there that I was induced to ask this question on account of the experience Mr. Marlow gives. I do not want to insist on it greatly.

The CHAIRMAN: Like a good soldier you are excused from answering the question.

*By Mr. Montgomery, K.C.:*

Q. This question of fixing maximum rates, I suppose, is the first thing that has occurred to every Commission that has sat on this thing, since the Commission on Shipping Rings was dealt with. You will find it very fully dealt with in the Alexander Report, where they have taken the opinions of shipowners, shippers, boards of trade and all classes of the community on that question, with their recommendations. There is a whole report on it and it has been exhaustively discussed and the reason given as to why it was not possible to have rates fixed by an outside board in the same way that railway rates can be given.

Sir HENRY DRAYTON: That applies to minimum rates and questions of discrimination more than it does to maximum rates.

Mr. MONTGOMERY, K.C.: It does. Undoubtedly that really was the outcome of the act, where they do not undertake to determine rates but they do entertain complaints and the reasons are so fully set out that I do not think Mr. Marlow has anything else he could add to it.

Mr. SHAW: The Alexander Committee recommended that the Interstate Commerce Commission should have control?

Mr. MONTGOMERY, K.C.: Yes.

Mr. SYMINGTON, K.C.: It was the Senate who passed the Shipping Act, contrary to that report.

Mr. MONTGOMERY, K.C.: I will not go into an argument about it now because there are quotations and quotations about it.

The CHAIRMAN: Perhaps we had better have the witnesses to speak for themselves in the future.

*By Mr. Montgomery, K.C.:*

Q. Is it desirable that you should have lines competing to tie up a large contract and the small individual in the same line not getting the same rate or that there should be differences in rates between them?—A. I do not think that would be good for the shipping public.

[Mr. W. T. Marlow.]

Q. Does that conflict in any way with what you told us about contract rates your own lines had put in? You have mentioned contract rates in that?—A. The contract rates that we have put in are open to all shippers, large or small and they have the privilege of shipping by all Conference Lines. There were a few exceptions which I mentioned in reply to Mr. Symington's question in the earlier part of my evidence.

Mr. SYMINGTON, K.C.: I did not get it. What were the exceptions?—A. I said there were cases where individually one or two of the lines were given permission to make such contracts.

*By Mr. Halbert:*

Q. Are the contract rates subject to re-contract again, that is a large shipper contracting for so much space and then sub-letting it?—A. Absolutely not.

*By Mr. Montgomery, K.C.:*

Q. I suppose that would be done with the tramp?—A. There would be a charter of the whole boat.

*By the Chairman:*

Q. I do not know whether my information is wrong or not but I understood that out of the port of Montreal the meat exporters contract for a great deal, if not all, of the refrigerated space in the same line and then what they do not need they let the butter and cheese people have.—A. That is not so.

*By Hon. Mr. McMurray:*

Q. I understood you to say there was speculation in space a short time ago?—A. I did not say it.

Mr. FLINTOFF: He said who were short. The grain exporters sometimes go short.

The WITNESS: Grain is a different thing.

*By Hon. Mr. McMurray:*

Q. There is speculation in space for grain?—A. We do not know it.

Q. I thought you suggested there was speculation in space.

*By the Chairman:*

Q. You said the people were short on space. Is not that speculation?—A. Yes, but we are not, knowingly, parties to the speculation.

Hon. Mr. STEVENS: Contracting for delivery without contracting for space?

The WITNESS: Yes.

Hon. Mr. STEVENS: The question that you raised, Mr. Chairman, has been raised definitely, has been advanced more than once, that there is unfair restriction in the use of cold storage space on liners by large shippers contracting for the space and then holding it for a higher price to others or letting the space go again, in order to keep competitors from using it.

The WITNESS: I do not know of that being the case.

*By Hon. Mr. Stevens:*

Q. No knowledge of it at all?—A. No knowledge of it in my experience.

*By Mr. Black (Halifax):*

Q. If I take a thousand feet of space I can ship the article, fill that space; it is filled by me, at the same time it may belong to somebody else and I am making a profit on it.

[Mr. W. T. Marlow.]



Sir HENRY DRAYTON: The vessel owner would not know.

Mr. BLACK: Does the shipowner know?

The WITNESS: One of the difficulties we have with the refrigerator space is that after it has been taken it is cancelled on us again without sufficient time for us to fill it again. That frequently occurs with butter and meats.

*By Hon. Mr. Sinclair:*

Q. Is that by the broker?—A. No, by the shippers themselves.

*By Mr. McKay:*

Q. Why not make them pay in advance?—A. We should.

Mr. DUFF: Getting a deposit.

*By Mr. Montgomery, K.C.:*

Q. I understood you to say that the C.P.R. do not carry cattle?—A. We do not carry cattle.

Q. You have not been attracted by the—A. I can only say that it is evidently the opinion of our management that the rates are not sufficiently attractive to go into the cattle business, that is to fit up our cargo steamers for the carriage of cattle.

Mr. SYMINGTON, K.C.: They produce the cream but they are not the cream of the traffic, in your judgment, apparently.

The CHAIRMAN: They are all males that they send.

Sir HENRY DRAYTON: You got a wrong steer.

*By Hon. Mr. Stevens:*

Q. What proportion of the cattle is carried by the liners?—A. I would say that all of the cattle are carried by the liners.

Q. Not by tramps?—A. Not by tramps, no.

Q. There are cattlemen who go into the question of cattle rates?—A. Yes.

*By Mr. Black:*

Q. No shipper of cattle would willingly use a tramp?—A. No.

*By Mr. Symington, K.C.:*

Q. I understood you to say that you could not get along without a conference?—A. That is my opinion.

Q. A conference then is an advantage?—A. I think it is almost a necessity.

Q. Do you object to competition by a line which is not a member of the Conference?—A. I cannot say that we object to it. We are naturally anxious about it.

Q. Leaving aside all question—that is another matter—of this particular contract, would it not be a measure of control if there was a competitive line offering service outside the Conference?—A. I do not see that it would be a measure of control.

Q. Supposing it is possible to conceive that the Conference were asking too high a rate on a particular commodity and the competitive line put in another rate, that would be a measure of control, because you would meet it, would you not?—A. Yes, we might even go below it.

Q. So that it would be a measure of control?—A. Yes, but that could only go on for a certain time.

Q. I cannot follow that.—A. Take for instance the lines outside the Conference and the C.G.M.M.—these lines have services from all United States

[Mr. W. T. Marlow.]

ports. It is immaterial to them if they could reach say 75 per cent of the traffic, which is more or less international, without calling at Canadian ports. I do not see why they should willingly subject themselves to this competition.

Q. Your suggestion then is, that if there was a competing line, who put in a lower rate on a commodity or commodities, the other lines, apart from the Canadian Pacific, would withdraw?—A. I think that as soon as they got down to a fairly unprofitable basis they would withdraw.

Q. You are assuming it is unprofitable. Suppose it is possible to conceive that the Conference fixed a higher rate upon a commodity or upon commodities and a competing line fixes a lower rate, the other lines would meet it?—A. Yes, I think so.

Q. That was Colonel Gear's judgment?—A. Yes, speaking of supposition because I do not think it would ever actually occur.

Q. Because you do not think you fixed too high rates. That is your whole answer?—A. That is it.

Q. Now in connection with the Conferences, I understand you were one of the committee who prepared the Reply?—A. I am not.

Q. That was a mistake in the evidence, was it?—A. It was corrected at the time by Mr. Flintoft. I was not in Montreal when that was compiled.

Q. You can probably speak of this. At page 4 it says,

"The requirements of the trade were oversupplied, resulting in severe competition among shipowners, and rates fell heavily".

That would be so?—A. Yes, I think they are speaking, though, of general conditions.

Q. They are speaking of the reason the Conference was formed?—A. Yes.

Q. Now the position to-day is that the requirements of the trade are oversupplied, is it not?—A. That may be so at the moment. If I may amplify my answer, I would say it is a very difficult thing to determine what are the requirements to meet prospective business, in the way of tonnage.

Q. My recollection is that your president, in his annual address, referred to the oversupply of tonnage, and I think this Reply refers to it.—A. Speaking of the tonnage in the world, available?

Q. The tonnage in this trade, and available for this trade?—A. I think for present needs there is too much tonnage in the trade.

Q. But there is now, as opposed to prior to the formation of this Conference, no competition in rates between liners?—A. Prior to the formation of this Conference?

Q. I say prior to the formation of the Conference there was competition in rates between liners?—A. I do not know anything about that, Mr. Symington because I was not in the Atlantic shipping trade at the time.

Q. I understood you to agree with the statement here, that "the requirements of the trade were oversupplied, resulting in severe competition among shipowners, and rates fell heavily"—A. I would think that would be a natural thing, but I am not familiar with the conditions that existed before,—well, I came into the Atlantic trade in 1919, the commercial end of it.

Q. The point I am making from you, Mr. Marlow, is this. Now there is no competition in rates between liners?—A. Quite right.

Q. And there is, as you told us, an oversupply. The result of the Conference, then, if history repeated itself, is that rates are not falling because of the Conference. That is correct, is it not?—A. I think the Conference maintains rates.

Q. Now, you told my learned friend that following the war this rate committee, of the Atlantic Conference, in New York, and after then the Con-

[Mr. W. T. Marlow.]

ference itself, took the rates as they were practically following the de-control?  
—A. That is right.

Q. Which rates were very very high rates?—A. They were not high considering conditions prevailing, but they were very high if you measure them by the present time.

Q. And they were very high rates, not considering costs, but in the shipping world they were high rates?—A. Yes, they were high rates.

Q. Then you say you gradually scaled them down?—A. That is right.

Q. The tendency was that rates fell?—A. Up to March, 1924.

Q. Can you tell us just how you scaled them down? How did you do it?  
—A. At different periods we did it rather wholesale, and at others we did it piecemeal.

Q. Where would we get a record of that, Mr. Marlow?—A. I think some of the minutes will show.

Q. I can find individual instances of individual rates, but can you show to the committee where the big thick commodity rate tariff covering all the commodities was ever reduced in the way you say?—A. I cannot take this list and pick it out for you, but I can get it for you.

Q. I wish you would, because I have not been able to find it.—A. I do not want to be compelled to produce something offhand, which I might have to look over.

Q. But you think it is in here?—A. I think it is.

Q. I may have missed it. Then that would be the way it was done, and you will be able to find it?—A. For instance, I remember on one occasion the Canadian lines recommended that probably 25 or more articles have the rate reduced.

Q. Was that not after the 25 per cent increase? I have a record of that?  
—A. No, I think there was one occasion before that when we made a pretty wholesale reduction, probably in 1919 or 1920. Then in between times there were individual reductions, piecemeal reductions made.

Q. Where would the record of them be?—A. In the minutes and in the tariffs, principally in the tariffs because the minutes are not very specific as regards rates.

Q. No, apparently with respect to rates, what the minutes usually say is supplement No. 20 to Commodity List so and so was approved. That is about what it amounts to.—A. Yes; then you would have to refer to the supplement or the tariff.

Q. Quite so. Then, while you say the tendency was downward, the last tendency was upward?—A. In March, 1924.

Q. Being a 25 per cent horizontal increase in 1924, in March?—A. Yes, which was afterwards modified.

Q. In some ways?—A. Yes, particularly on commodities that affected the Canadian trade.

Q. You said in your evidence in chief, I just took down your language, "we decided to ask for a horizontal 25 per cent increase." Who were "we"? Whom did you decide to ask?—A. I do not remember my saying that.

Q. I am not suggesting anything; probably it was a slip.—A. Probably it was a slip. The Conference as a whole decided to make that.

Q. There was some dispute about it in the Conference, was there not?—A. I do not recall it at the time; there may have been dissenting views on the move.

Q. The Canadian members were all in favour of the raise, were they not?  
—A. I think they were.

Q. And some of the Americans did not want it?—A. That may be so.

Q. I find a wire, which I will come to later, in which I think some reference was made to that.

[Mr. W. T. Marlow.]



Hon. Mr. STEVENS: Mr. Symington, you say "Americans." Do you mean the American representative of an English concern?

Mr. SYMINGTON, K.C.: Yes, whenever I speak of that I mean the residents in New York.

The WITNESS: Representatives of the United States port lines.

Mr. SYMINGTON, K.C.: Representatives of the United States port lines. That is the best way to put it.

*By Mr. Montgomery, K.C.:*

Q. Often the same lines are serving the Canadian trade?—A. Very often.

*By Mr. Symington, K.C.:*

Q. Now you also referred to various reductions that the Canadian lines had secured. Where would they be reflected?—A. They would be reflected in our minutes and in the supplements or the tariffs, as issued from time to time.

Sir HENRY DRAYTON: I suppose that is where they would be shown; they would be reflected in the receipts.

*By Mr. Symington, K.C.:*

Q. Would they be shown in the minutes of the Canadian Liner Committee?—A. As a rule, yes.

Q. And in the minutes of the New York Committee?—A. No, not in those minutes; they would probably appear there in the tariffs or supplements, as issued from time to time.

Q. And they would appear, I suppose, in the correspondence?—A. That is it. Not always in the correspondence; if it were a matter of discussion in New York, the correspondence would not show it.

Q. And if it were a matter of discussion in New York the minutes would not show it, and we would have no way of knowing it?—A. Yes, by the tariff.

Q. How would we know whether that was done at the instigation of the Canadian or American port lines?—A. I do not know that we ever thought this investigation was coming up, or we might have kept that record for you.

Q. Frankly, the reason I ask you is, as far as I have been able to get it from the correspondence of my learned friend, it seemed to me that the history of the rate changes disclosed, show that practically all the suggestions came from the American port lines to meet the competition of Reardon-Smith, whereas there were protests sometimes from you against these decreases, particularly where Canadian traffic was affected, but a singular lack of requests for decreases coming from the Liner Committee. I am stating quite frankly the impression I got.—A. You will find also that these were mostly emergency rates, and it was a natural thing. If you were one of the United States port lines and had a boat on the berth for Baltimore, and a Reardon-Smith boat was on the berth—you will find it is usually large bulk cargoes, large bulk commodities reflected in these rates, such as iron, steel, oil and asphalt; you will find them recurring very frequently, and even oil cake which is shipped in lots of from 1,000 to 1,500 tons in the United States, while we are very fortunate if we can get 100 tons in Canada at any time. You will find in these cases these lines applied to take big parcels of that kind at special rates, rather than Reardon-Smith should secure them at the rates they made.

[Mr. W. T. Marlow.]

Q. The outside competitor.—A. The outside competitor.

Q. So you will go this far with me, I think, that when Reardon-Smith were outside the Conference, operating from United States ports, a great deal of traffic was carried from the United States to the United Kingdom at cheaper rates than the Conference rates which ruled from Canadian ports. That is so, is it not?—A. It is so, if you take it in the broad way you mention it, but it is not if you analyse the articles.

Q. We may come to that, but taking it that that was the result of a competitive line outside the Conference—that is so?—A. Absolutely. They met that competition.

Q. Is there any reason why that would not prevail in Canada, if there were an outside line competing?—A. There is only this difference in Canada, that you have not the volume to work on that you have in the United States.

Q. But we have the bulk.—A. Outside of grain and flour, no.

Q. The proportion of our shipments is so predominantly bulk commodities?—A. Yes, that is so, but the volume of traffic is comparatively small.

Q. Compared to the number of boats in the service between the two ports?—A. I am grouping all the United States ports; between United States ports and Canadian ports.

Q. That comes back to my first question. Apparently you would say there is more tonnage for the amount of freight from Canadian ports than there is tonnage for the amount of freight from American ports?—A. No, I do not say that. You mean ship tonnage?

Q. Yes, more ship tonnage going to the Canadian ports than the amount of cargo, than going to the American ports for the amount of cargo there?—A. I do not think so; I think it pretty well balances.

Q. Why would not the rule work then, with respect to that outside competitive line coming to Canada?—A. Why wouldn't we try to meet their rate?

Q. Yes.—A. I think we would, up to the point I said before.

Q. The result would be somewhat similar to what happened when Reardon-Smith were plying out of United States ports?—A. I do not know, I am sure.

Q. Why would not the same thing happen?—A. I do not know what underlay the Reardon-Smith venture, and I do not know what would underly a venture from Canadian ports.

*By Mr. Duff:*

Q. Just carry that a little further, Mr. Marlow. I understand that the United States representatives use this Conference for their own purposes, and compel the Canadian people to agree to rates, but any time they see they are losing the business they can cut the rate, and make you agree to it.—A. No, that is not so, Mr. Duff. I do not think it is fair to put it on that basis. It will be seen by a reference to these statements that they largely consist of reductions on such traffic as oil, paraffin, wax, asphalt, oil cake and steel. There is very little steel exported from Canada at all; our manufacturers cannot compete with the United States Steel Corporation, and such large bulky articles as that—copper is another one—of which there is 1,000 tons in the market at one time to be picked up. I do not think these commodities affect the Canadian trade very much at all. I wish we could get some of that traffic.

Q. Supposing an outside steamer came in to get the goods which would be carried in Canadian and Conference steamers in the United States, and quoted a lower rate. Would not the United States representatives arrange to meet that rate?—A. Yes. Now when that occurs, Mr. Duff, and it is on a commodity that we think might be shipped from Canada, we invariably reserve the right to protect the Canadian shipper in the foreign market, on the same basis of rates.

[Mr. W. T. Marlow.]

*By Mr. Symington, K.C.:*

Q. But the point about that, Mr. Marlow, is that while what you say is quite true, no doubt, I notice you particularly insist, where the rate is for more than five days,—it used to be ten days?—A. Yes.

Q. Now it is five, but they get the right to quote through two or three months, sometimes, do they not?—A. For shipment there?

Q. Yes?—A. Yes, that is right.

Q. And in this case you are careful, in your consent, to say that where it is a rate extending for a period, the Canadian lines must have the right to put in the same rate, if they so desire?—A. Yes, because we felt that the American shipper would have an advantage in the foreign market over the Canadian shipper under such an arrangement, and we fought for the right to protect the Canadian shipper.

Q. But the fact is that these rates are fixed from the United States with a particular big shipment in sight, and it actually exists.—A. Yes.

Q. And it is only for a five day booking period?—A. Yes.

Q. So that the protection to the Canadian shipper, unless he just happens to be shipping within this five day period, does not amount to anything, does it?—A. I will tell you what actually occurs. For instance, I remember in the case of a special rate being granted on steel in boxes, we go to the Steel Company of Canada, and to other likely shippers and say, "Here, are you likely to have any steel for shipment?" If they say "Yes", I will say, "All right, why do you not make a contract with us", and we actually get a contract in the five day period. When I say "we" I mean the Canadian lines do that, and that has been our practice right along in our efforts to protect the Canadian shipper, where we are in the traffic and competing with the United States producer.

Q. Now you heard Col. Gear's evidence generally as to how rates were made?—A. Well, do you mean the factors entering into rate making?

Q. No, the Liner Committee, then the Conference, adopt the rate, that is what you call promulgate it, or send it out in the form of a tariff?—A. Yes, that is to the members.

Q. And that rate stands until you are notified by Mr. Morse, the Secretary of the Conference in New York, that there is a change?—A. Yes but then Mr. Morse, as I said before, is simply a piece of machinery.

Q. Oh, quite so. But the fact is that you cannot change that rate, Mr. Marlow, and until you get notification from Mr. Morse as one of the North Atlantic Conference, that you are permitted to change that rate?—A. Well, let me put it in another way; until Secretary Morse gets the concurrence of the other lines in the Conference.

Q. Quite so. That is, when Secretary Morse gets the unanimous concurrence of all members of the Conference to a change, whether it be done by wire, or whether it be done by meeting, he notifies the other lines, all lines, that from such and such a date they can quote so-and-so, and then he follows it up with a tariff amending, or a supplement to the original tariff?—A. That is correct.

Q. And every month, or periodically, those single sheet supplements are combined in a long supplement and sent out?—A. That is right, until they become too voluminous, or we issue a new tariff.

The CHAIRMAN: You codify the law.

Mr. SYMINGTON, K.C.: They codify the law, yes.

Mr. MONTGOMERY, K.C.: I forgot to ask, are those Conference meetings all in New York?—A. Twice a year in Montreal.

[Mr. W. T. Marlow.]



Mr. SYMINGTON, K.C.: I think Col. Gear said that.

WITNESS: Yes. May I explain that a little more fully, Mr. Symington. The reason the Conference meetings are held in New York is simply because it is the most central place for all the lines to attend. They can be held just as well in Chicago, Montreal or Baltimore, if they were convenient places of meeting. And as a matter of fact we held one last June in Chicago, one of our Conferences.

*By Mr. Duff:*

Q. The majority of the representatives of the Conference, are in New York?—A. They are in New York, yes that is it.

Mr. SYMINGTON, K.C.: And the Rate Committee consists of residents of New York.

WITNESS: And I may add to that, Mr. Duff, for the information of the Committee, the great bulk of the exports of both Canada and the United States, is controlled through agencies in New York, including the grain.

*By Mr. Symington, K.C.:*

Q. Getting back to our rates then, Mr. Marlow, so far as the general commodity list is concerned, with the exception of what you termed the Open Rate, they are fixed in that way, and are immutable and unchangeable until everybody concurs in their change?—A. That is as it should be.

Q. Well, I say that is as it is.—A. Yes.

Q. Then so far as grain, flour and cattle are concerned, the New York Conference you say does not fix those rates?—A. No, nor the deal rates.

Q. Now with respect to deals, the Canadian Conference fixes that rate and notifies the other members of the Conference of what their rate on deals is?—A. Correct.

Q. And what I am not sure of it with respect to deals, can any other members of the Conference object to that rate?—A. Not any other than the Canadian members. If the Canadian members agree, no other member can object to the rate on deals. We have the right to make it.

Q. That is clear. Is that different from any other?—A. Yes, it goes into the same group as the other three commodities mentioned; wood pulp, nickel, and asbestos. The Canadian lines actually make the rate on those commodities and notify the other members that they have made such and such a rate.

Q. Then with respect to grain, flour and cattle—which are the Open Rates as you term them?—A. Yes.

Q. With respect to grain, you have told us your Liner Committee meets?—A. A grain Committee of the Liner Committee, if you please.

Q. A grain Committee of the Liner Committee. And do you notify New York what your rates on grain are?—A. No.

Q. Are you supposed to?—A. No.

Q. Then what is the difference between an Open Rate and a rate in which you have the initiative?—A. Well, an Open Rate, any individual line can make the rate, but the Canadian Lines amongst themselves in respect to grain see fit to get together once a day. Now, if one of them—for instance, take the present situation, the Canadian Government Merchant Marine don't meet with that Grain Committee every morning, they make their own rates, there is nothing to prevent, so far as the Conference is concerned, it would not be a breach of our understanding if the Canadian Pacific said to-morrow, I am not going to tell you what my grain rate is.

Q. So far as the practical result of the system is concerned, with respect to grain, is there any difference between an Open Rate and a rate upon which you have the initiative, is there the slightest difference?—A. Oh yes, there is.

[Mr. W. T. Marlow.]

The CHAIRMAN: Not in theory, but in practice.

*By Mr. Symington, K.C.:*

Q. In practice?—A. In practice, yes, that is it. There is a difference.

Q. In practice there is a difference. What is it?—A. Just as I have explained exactly how the trading is done in respect to grain. There is that difference.

Q. The difference is that the Liner Committee fixes in one case the rate, and in the other case a minimum rate. Is that the difference?—A. No.

Q. Then what is the difference?—A. We will take, for instance, the rate on wood pulp. That may be fixed by the Canadian Liner Committee, and last for six months. Likely it would. Or for three months, or something like that. The minimum rate on grain is arranged by this Grain Committee every day. I think that is a material difference in practice.

Q. Not if the same person fixes it?—A. No, the same representatives. I mean representatives of the same lines fix it.

Q. Where is the difference other than it is fixed oftener perhaps?—A. Oh well, I think that makes a big difference.

*By the Chairman:*

Q. Is it merely a difference in time?—A. Oh no.

Mr. MONTGOMERY, K.C.: It binds all the members of the Conference. An Open Rate does not bind anybody.

*By Mr. Symington, K.C.:*

Q. That is the reason I ask, in practice, seeing we are discussing only shipments from the Canadian ports, it does not make any difference whether you call grain an Open Rate or one on which you have the initiative, so far as shipments from Canadian ports are concerned.—A. That is right.

Mr. MONTGOMERY, K.C.: It makes all the difference.

Mr. SYMINGTON, K.C.: The witness says it does not, Mr. Montgomery.

WITNESS: It makes the difference I have already explained, in practice.

*By Mr. Symington, K.C.:*

Q. They fix it oftener, that is all. Let us understand the situation then a little bit in respect to flour. Is the flour rate an Open Rate?—A. It is a Conference Open Rate.

Q. It is a Conference Open Rate, but again the Canadian Liner Committee fixes the rate on flour.—A. They get together and agree on a rate on flour.

Q. That is, from your minutes, the rates upon flour are fixed every week in your Liner Committee meeting?—A. Oh, they are fixed at any time. It need not be every week at the regular meeting, it can be in between meetings.

Q. At any rate I know you do refer to them in your minutes?—A. We record them for reference, to see the fluctuations.

The CHAIRMAN: I do not know how the rest of the Committee feel, but I know the Chairman has been trying to follow this evidence carefully, and he feels rather tired. I do not know how the witness feels.

Mr. DUFF: Let us get on with it.

Mr. RINFRET: Perhaps Mr. Symington can conclude with this witness in a short time. But if he is going to continue for a while, we might as well adjourn.

Mr. SYMINGTON, K. C.: I will be some time with Mr. Marlow, because he is the man who understands the thing well, and I am going over a certain number of minutes.

[Mr. W. T. Marlow.]

Mr. JOHNSTON: There are others who are tired besides the chairman.

The CHAIRMAN: If the other members of the Committee feel as I do, and with the Committee's permission, I would suggest an intermission until half-past eight.

Several MEMBERS: No, no.

The CHAIRMAN: What does the Committee say, and what do counsel say?

Mr. MONTGOMERY, K.C.: We have no preference. We wish to be of assistance to the Committee and we are at your service.

The CHAIRMAN: If we are not to sit to-night, we had better sit until six and then call it a day.

Mr. MONTGOMERY, K.C.: That is better.

*By Mr. Symington, K.C.:*

Q. We were speaking of flour, Mr. Marlow. Flour rates are declared open by the Conference and are in fact open from United States ports?—A. I do not know anything about United States ports, because we fix our own flour rates.

Q. Now Mr. Marlow, do you or do you not tell this Committee that?—A. I understand they fix the flour rates down there themselves. I understand that.

Q. That is, that the New York Committee meets the same as the Canadian Liner Committee and they fix the flour rate?—A. I understand they do.

Q. And the Canadian Liner Committee meets in Montreal and fixes the flour rate?—A. Yes, I understand they do.

Q. And that is what you and Col. Gear call an open rate?—A. Well, I qualified my statement. I said in respect of the Conference.

Q. In respect to the Conference. The difference is that instead of the one meeting fixing the rate governing that now, the New York Committee fixes flour from American ports and the Canadian Committee fixes flour from Canadian ports and you notify each other by wire of your rate?—A. That is right.

*By Mr. Duff:*

Q. And all the Conference steamers have the same rate?—A. No, not necessarily.

Q. That is important.—A. The last time I think we reduced our rate before they did theirs.

Q. Who did?—A. The American Lines.

Q. But the Canadian Conference have the same?—A. Oh, yes, all Canadian Conference Lines have the same rate, and all the American Lines have the same rate.

*By Sir Eugene Fiset:*

Q. The Canadian Conference is a Conference within a Conference both for grain and flour?—A. Well, General, we have had so much dissension as to what the word Conference means that I cannot put myself up as an authority.

*By Mr. Symington, K.C.:*

Q. To get it clearly before the Committee, so far as flour is concerned, the Canadian Liner Conference sits and fixes the rates on flour which governs all the Canadian Conference Lines shipping from this port?—A. That is right.

Q. And the American members of the Atlantic Conference meet in New York and fix the rates on flour from United States ports which govern all the United States ports liners?—A. I understand they do.

Q. And the two Committees exchange wires telling what the flour rates are fixed by each Conference?—A. That is right.

[Mr. W. T. Marlow.]



The CHAIRMAN: You might ask him whether, as a matter of fact, there was ever any substantial difference between the two rates?

Mr. SYMINGTON, K.C.: All right.

*By Mr. Symington, K.C.:*

Q. Was there ever any substantial difference between the rates?—A. Do you mean in the past?

Q. Yes?—A. Yes, there have been differences.

Q. But at that time, Mr. Marlow, was the flour rate from American ports not an absolutely open rate?—A. You know what I mean. I am speaking of when the Canadian flour rate was over the American rate?—A. There was a time when it was absolutely open.

Q. And at that time the open rate on flour from American ports was lower than the rate on flour from Canadian ports, which was not open in the sense of which I speak, namely, that it was fixed by the Canadian Liner Committee?—A. There was a time when the American flour rate was lower than the Canadian flour rate.

Q. And there was a time when the American Lines were willing too, and did in fact carry Canadian flour from American ports at a cheaper rate than the Canadian Lines were carrying it from Canadian ports?—A. That is so.

Q. Which brought a very vigorous protest from the Canadian Lines—

The CHAIRMAN: Millers.

The WITNESS: Shippers.

*By Mr. Symington, K.C.:*

Q.—no, from the Canadian Steamship Lines to the American Steamship Lines, with the result that they issued a tariff from New York that the rate on Canadian flour was fixed, but the rate of American flour was left open at a lower rate?—A. That is so, but it has been gone into and adjusted by the Imperial Shipping Committee.

Q. That continued for some years in the face of the Canadian Millers' Association?—A. That is right.

Q. Which protest took the form not only of going to your body, but coming before the Minister of Trade and Commerce at Ottawa, and making representations here. The matter was not remedied until when?—A. I have not the exact date in my mind, but some time last year.

Q. When the Imperial Shipping Board came out and held its sittings, it was then, in the language of Colonel Gear, rectified and is going to stay rectified, is that it?—A. That is it.

Q. So that now the Canadian millers, after suffering that disadvantage for some years, are now on the same basis as the American millers, except this possible question of differential?—A. Well, I do not know they are on the same basis; there is nothing to prevent the American lines making their rate one thing to-morrow, and we making ours. I can say with truth that we have no understanding with the United States Lines that we will maintain the same rates on flour, as they do.

Q. I notice the wires usually read: "United Kingdom number so-and-so Canadian flour; rate unchanged"?—A. That is right. We notify them what our rate is.

Q. And back comes their reply, "American flour rate unchanged"?—Yes; we notify each other of the rate.

Q. With the result that the rates are kept?—A. I do not say that is a result.

[Mr. W. T. Marlow.]

Q. Are the rates kept?—A. I don't think so. As a matter of fact, I do not understand to-day how the Shipping Board can maintain the rate they do on flour.

Q. The American rate, then, on flour to-day is less than it is from Canadian ports, generally speaking?—A. I do not understand so.

Q. That is not your understanding?—A. No.—

Q. Since when?—A. I understand that the United States Shipping Board is quoting the same rate on flour to-day which happens to be ours—not by agreement, but by coincidence.

Q. How about the wires that pass between the two countries? Is that instinct or coincidence?—A. No; that is an arrangement to notify each other what rates we make.

Q. Is it very surprising in view of the information which you have?

*By the Chairman:*

Q. In other words, is it a strange coincidence?—A. Not to my way of thinking.

Q. Then I understand Colonel Gear—and I think I understand you—to say that they do not attempt to preserve a differential between grain and flour?—A. When you say "they, whom do you mean?"

The United States Port members of the North Atlantic Conference?—A. I do not know anything about what they attempt to do, but I know it is actually a fact that to-day their rates on flour bear no relation to the Canadian rate.

Q. How long has that persisted?—A. Oh for a great many months now; I would say almost a year.

Q. Almost a year?—A. Yes.

Q. The ruling has never been withdrawn, has it?—A. Do you mean the government ruling of the Shipping Board?

Q. Yes?—A. I do not know of that.

Q. It was accepted by the North Atlantic U.K. Conference?—A. No, it never was; it was accepted by the Shipping Board, but never by the Conference.

Q. It was not accepted by the Conference?—A. Never was, to my knowledge.

Mr. SYMINGTON, K.C.: I think we will have to show you a minute on that, when I get around to the minutes.

*By Mr. Symington, K.C.:*

Q. Then, proceeding a little further afield. You have told us that there was a Tri-partite Conference between the Gulf, the North Atlantic and the South Atlantic?—A. That is so.

Q. At which Conference there were a certain few articles upon which the Gulf Conference were given the initiative?—A. That is right.

Q. There were a certain few articles which were called "neutral rates"?—A. That is right.

Q. Which meant that either party could negotiate?—A. That is right; could propose an advance or a reduction with the concurrence of the others.

Q. But it could not be changed without the unanimous approval of the others?—A. That is correct.

Q. And every other rate, except those specified in these two small lists, was only of North Atlantic initiative?—A. Correct.

Q. So that the result of that Conference was that the North Atlantic U.K. Conference,—except in a very few commodities—controlled all the rates from all ports from Canada to the Gulf?—A. Yes, that is pretty much the effect of it.

Q. That was the finding, was it not, of the Board in this case to which my learned friend has referred?

[Mr. W. T. Marlow.]

The CHAIRMAN: What is that, the Alexander Committee?

Mr. MONTGOMERY, K.C.: No.

The CHAIRMAN: The decision of the United States Shipping Board.

The WITNESS: I do not understand from my experience with it that that was the finding. You are not speaking of the Alexander; you are speaking of this Board investigation case?

*By Mr. Symington, K.C.:*

Q. Yes, sir.—A. I do not understand that was the finding. My understanding is that the Gulf complained that they should not charge the higher rate from the Gulf, which was 15 cents per hundred pounds, or five cents per cubic foot, as the case may be, over the North Atlantic rate. They claimed they should have the rate, if necessary, as low as the North Atlantic rate in order to induce the flow of traffic through the Gulf, as against the North Atlantic.

Q. In order to meet tramp competition?—A. No, I do not think—

Q. You remember your wires, Mr. Marlow; for a long time almost every wire was from the Gulf, wanting lumber rates reduced so that they could meet tramp competition?—A. Yes, but—

Q. They would wire up and ask Mr. Morse for permission, and Mr. Morse would communicate with you, asking for permission, and you would say, "No, that may affect our lumber rate in Canada," and Mr. Morse would wire back to them and say, "No, you cannot change your lumber rate"?—A. I want it distinctly understood that when that happened Mr. Morse and I were but the mouthpieces for our respective Committees. I want that quite clear to the Committee.

Q. Oh, we understand that.—A. That is right, except insofar as very frequently the rate quoted by the Gulf was exaggerated or did not exist.

*By the Chairman:*

Q. They tried to fool you?—A. That is right.

*By Mr. Symington, K.C.:*

Q. The fact was, however, that here were the rates laid down on nearly every commodity on which the initiative was given to the North, and they could not be changed without the unanimous consent of the others, and there was the situation, so that the North Atlantic controlled practically altogether the rates on the Atlantic Coast?—A. Yes, that was so, but it will bear an explanation. Those commodities all originated adjacent to the North Atlantic Coast, or in what is known as the Central Freight Association territory, which is more readily reached by the North Atlantic range ports than by the Gulf.

Q. I am reading to you now from page 73 of Exhibit 17B, and from your understanding, see if you agree with this: "It is, therefore, obvious that the differential situation is effectively controlled by the North Atlantic Lines." That refers to your Conference?—A. That is right.

Q. "In this connection it should be pointed out that the membership of the North Atlantic Conference is predominantly foreign." Is that true?—A. That means British.

Q. "This foreign membership with votes outnumbering by far those of the American members dominates the tripartite Conference and the rates applicable to American commodities moving in American bottoms from American ports." That is correct?—A. That is right.

[Mr. W. T. Marlow.]



Q. Could not those same words be used applicable to the same traffic if, instead of the word "foreign," you substituted "British and American?"—A. I do not understand your question.

Q. Where they say that the American traffic is controlled—"dominated"—by foreign membership, you say it refers to British Lines?—A. Yes.

Q. Would not that same statement exactly apply to Canadian traffic if you substituted, instead of the word "foreign," the statement that our traffic is "dominated by the British and American membership of the North Atlantic Conference?"—A. I do not think there has been any domination.

Q. But, I say, the power to dominate is there?—A. The power might have been there, but in practice I do not think the domination existed.

Q. Then I understood you, or Colonel Gear, to state—now that we have the situation as it was with respect to domination on the North Atlantic—that this Agreement has been dissolved?—A. As between carriers? The understanding between carriers has been dissolved.

Q. Has it made any difference in your Conference?—A. None that I know of, except that we do not agree now with the Gulf and the South Atlantic?

Q. I find—and I will give them to you—minutes in which the North Atlantic Conference wired the South Atlantic Conference or the Gulf Conference that, of course, they intended to bow to the decision, but that for the purposes of trade if they were willing to do it, they will continue to send them daily all changes, minutes of all their meetings, and so on, and the other two Conferences say they will do the same, and that, therefore, is the practice that is followed?—A. That is right.

Q. So in spite of this confidence clause in your membership that you will disclose nothing at all to anybody not a member, you not only disclosed your rate changes immediately they were made, but you disclose your minutes and records to the Gulf Conference and the South Atlantic Conference, and they do the same with you?—A. That is right.

Q. So that the practical change made by this decision is not very great, is it?—A. Yes, it has wiped out this differential, which was the object of it, of 15 cents per hundred pounds and 5 cents per cubic foot from the Gulf over the North Atlantic rate.

Q. Has it actually been wiped out?—A. It has been wiped out.

Q. In fact?—A. I understand so.

Q. In practice?—A. I understand so.

Q. Have you seen the tariffs?—A. No; I do not bother with them.

Q. You leave that to the New York Rate Committee?—A. No; I do not think the Gulf competition affects us in that at all. I think we are getting far afield if we try to show that.

Q. There were times when you objected to their reduced rates?—A. Yes, but that had reference to traffic originating in the United States.

Q. And lumber?—A. There is no Canadian lumber moving via the Gulf, nor any possibility of it.

Q. Quite so, but it seems to me if the southern lumber men could ship cheaper than the Canadian lumber men, the latter would object, and you would have to lower your rates?—A. I do not think the Canadian lumber comes into competition with the lumber shipped via the Gulf.

Q. How about the southern pine?—A. I do not think that the southern pine is in competition with Canadian lumber.

*By the Chairman:*

Q. Does our high-grade spruce not come into competition with the southern pine?—A. I do not think so. We use Southern pine right here in Canada.

*By Mr. Symington, K.C.:*

Q. You protested several things?—A. Oil cake is a thing that is shipped from that district.

[Mr. W. T. Marlow.]

Q. I quite agree that it was only where you thought it was going to affect your rates or lower them that you bothered with before that Committee?—A. And that is so to-day.

Q. And that complied to a greater extent the farther West you went, with the South Atlantic Conference?—A. That is right.

Q. So that in any event, after this decision the North Atlantic, the South Atlantic and the Gulf Conferences exchanged their Minutes, exchanged their records and exchanged their rate changes just the same as before it was dissolved?—A. The change occurred just as before.

Q. I understood you to say to my learned friend in your examination in chief that this tripartite agreement will be renewed?—A. I think some arrangement will come about again, because I think the Shipping Board is desirous of bringing it about.

Q. And the North Atlantic Conference you said would join again, according to Exhibit 17 B, that is your opinion?—A. I think there will be an understanding come to again.

Q. So that we will be back where we were, if your understanding is correct, although there may be a change in the differential?—A. Or it will be fought out again.

Q. And in your opinion we will be back where we were before this agreement whereby the North Atlantic Conference absolutely dominated the rates?—A. No. I think that is one of the features that will be done away with.

Q. You mean the unanimous consent will not be required?—A. I mean I do not think there will be this domination, as you call it, of the North Atlantic in any future arrangement that is arrived at.

Q. They will not come under any initiative of rates?—A. I don't think it will be on that basis at all.

Q. But on whatever basis it is, the general result will be that there will be a meeting of the three Conferences for the purpose of fixing the rates on Atlantic traffic?—A. Well, I don't know necessarily about that, but I imagine that is the only way the Shipping Board can function.

Q. You imagine that is what will happen?—A. Yes.

*By Sir Henry Drayton:*

Q. Why do you say that that is the only way the Shipping Board can function?—A. Because they have ships of their own in all three districts, and it stands to reason as businesslike people, as the Americans are, and who are trying to make as much money out of their ships as they can, that they will not permit a man in the Gulf running a line there to cut the throat of the man in Boston running one of their own ships from there; therefore, to serve the people of the United States, they have to have some understanding that the man operating the people's ships from the Gulf will be on some sort of basis with the man operating the people's ships from Boston, otherwise you set up a dissension right in the country.

*By Mr. Symington, K.C.:*

Q. But how about taking a person operating the people's ships already as between ports, competing ships, and those who are operating non-competing ships?—A. You mean as to why the foreign lines, so-called, are in conference with the Shipping Board?

Q. Yes, exactly?—A. I think that follows naturally.

Q. You think it follows naturally?—A. I think that follows naturally, in this way, that the country belongs to the United States, the United States has a fleet of its own, and any shipping companies operating from ports of the United States or to ports of the United States must to some extent recognize that they have to follow in line with the United States fleet.

[Mr. W. T. Marlow.]

Q. It struck me that the situation was probably exactly the same as here; people are given ships to run, and they want to make as much money as they can, and they join a Conference, the same as the Canadian Merchant Marine joined the Conference?—A. No, I don't think so. I think what I said is true, and I think that is the right view to take upon it. I think there is a possibility of pressure being brought to bear upon foreign lines, if they do not more or less walk along with or go along with the Shipping Board.

Q. It struck me from reading the Minutes that it was the Conference people who were so delighted when they managed to effect this liaison with the Shipping Board lines?—A. That is the natural thing to do, if you take it in its proper light. We emerged from the war finding them the owners of a large fleet. We did not know what their attitude was going to be; we did not know whether they were going to try to oust other ships from the business; we were delighted to find that they were going to co-operate in a fair and reasonable way, and that reasonable rates were the right and the proper thing.

*By Mr. Duff:*

Q. To get the ships back into private hands?—A. Back into private hands.

*By Mr. Symington, K.C.:*

Q. You were at this meeting when the agreement was entered into, and this is the finding of the Board you say created it. At page 72 it says, "It is clear from the record that there was very little if any consideration given to the interests of the shipping public in negotiating this agreement." Do you agree with that?

Sir HENRY DRAYTON: This is a new subject, Mr. Chairman.

The CHAIRMAN: I suggest that we adjourn. We will meet to-morrow morning at 11 o'clock, if that is satisfactory to everybody. This Committee stands adjourned until 11 o'clock to-morrow morning.

The Committee adjourned.



## MINUTES OF EVIDENCE

COMMITTEE ROOM No. 277,

HOUSE OF COMMONS,

WEDNESDAY, April 29, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

### MORNING SESSION

The CHAIRMAN: Gentlemen, we have a quorum and will come to order. I think Mr. Symington wishes to continue the examination of Mr. Marlow. In order to have a more accurate report of the evidence, may I request the gentlemen who are examining the witnesses not to break in with a further question before the witness has answered, and may I suggest to the witness the advisability of waiting until the whole question is asked before beginning his answer. I think it will be helpful if that rule is followed.

WILLIAM THOMAS MARLOW, recalled.

*By Mr. Symington, K.C.:*

Q. Mr. Marlow, do you have anything to do with westbound freights?—

A. I have nothing to do with westbound freights except to get them after they are made on the other side.

Q. Well, you are the Foreign Freight Manager—A. Agent of the Canadian Pacific Railway.

Q. And the Canadian Pacific steamships do carry freight westbound?—A. That is true.

Q. And in that way does it come under your supervision?—A. It comes under my supervision.

Q. And the Canadian Pacific Steamship Company is a member of the Westbound Conference?—A. It is.

Q. More than one?—A. We belong to the North Atlantic Westbound Conference and also to an Antwerp Conference. I presume you are speaking of freights?

Q. Freights at the moment, yes—

Sir EUGENE Fiset: The witness has referred to an Antwerp Conference. Has that any reference to the British Conference? He mentioned the British Conference yesterday.

*By the Chairman:*

Q. Does this Antwerp Conference have any relation to the British Conference?—A. It has no connection with the British Conference except that some members of the British lines are members of the Antwerp Conference.

*By Mr. Symington, K.C.:*

Q. That is, members of the U.K. North Atlantic Westbound Conference—some of them—are also members of the various Continental Conference?—A. That is so.

[Mr. W. T. Marlow.]

Q. So that the information with respect to the rates fixed or arranged for by these various Conferences are, of necessity, in the possession of each of the Conferences?—A. There are so few members in the Antwerp Conference who are members also of the North Atlantic Westbound Conference that it is not at all to be taken for granted that either Conference knows the actions of the other.

Q. In any event, taking the Antwerp as an example, the Canadian Pacific Steamships, as members of the London Westbound Conference, know what the Canadian Pacific Steamship Company, as members of the Antwerp Conference, are doing?—A. You referred to the London Conference—

Q. The U.K. Westbound?—A. That is so.

Q. The Chairman has instructed that prints be made of the schedule attached to the Alexander Report showing the various ways in which these memberships interlock.

The CHAIRMAN: Mr. Symington, may I suggest that we produce these as exhibits, and so refer to them?

Mr. SYMINGTON, K.C.: I think that is better. I want to get them in as exhibits.

The CHAIRMAN: Shall we call the Passenger Agreement in the North Atlantic Trade exhibit 45?

Mr. SYMINGTON, K.C.: Yes.

EXHIBIT 45: Passenger Agreement in North Atlantic trade.

The CHAIRMAN: And shall we call the Freight Agreement in the North Atlantic European trade Exhibit 46?

Mr. SYMINGTON, K.C.: Yes.

EXHIBIT 46: Freight Agreement in North Atlantic European trade.

The CHAIRMAN: You are now dealing with the Freight Agreement, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes, Exhibit 46 at the moment.

*By Mr. Symington, K.C.:*

Q. From that Exhibit 46, Mr. Marlow, it would appear, would it not, that members of the North Atlantic Eastbound Conference—

Mr. MONTGOMERY, K.C.: If you will allow me to interrupt for a moment, Mr. Symington, I want to point out, when you are putting this in, that this is part of the 1914 record.

Mr. SYMINGTON, K.C.: The Alexander report will show that.

Mr. MONTGOMERY, K.C.: And it may or may not be accurate to-day. I have never checked it up, but I notice some of the lines do not tally. It is only lest it be taken as accurate as of to-day. It will illustrate the inter-Conferences, but there are undoubtedly many changes.

Mr. SYMINGTON, K.C.: I fully agree with my learned friend.

*By Mr. Symington, K.C.:*

Q. This Exhibit 46, you understand, Mr. Marlow, was filed before the Alexander Commission in the United States in 1913 and 1914.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: Before the war, in fact; it has been changed so, since.

Mr. SYMINGTON, K.C.: Yes.

*By Mr. Symington, K.C.:*

Q. But it indicates, apart from what Conferences may have changed their names,—or does it not indicate—that members of the North Atlantic U.K. Conference are members of the North Atlantic Westbound Conference and also members of Continental Westbound Conferences; I do not mean all—but some?—A. That is so, in respect to some.

Q. And would that be true to-day?—A. Well, in the sense that this chart illustrates, I do not think it is true to-day.

Q. What do you mean by “In the sense that this chart illustrates”?—A. I mean that so many of these lines and affiliations are obsolete to-day.

Q. But eliminating those; the general arrangement, apart from the names of the lines, still holds true to-day, that some of the members of the North Atlantic Eastbound Conference are members of all these Westbound Conferences?—A. I do not think that is even true—that they are members of “all” these Westbound conferences.

Q. That is, some are members of some, so that there is a representative in the Eastbound North Atlantic Conference of all the Westbound Conferences; not necessarily the same representatives, of course?—A. I doubt very much whether that is even true.

Q. You doubt whether that is true?—A. Yes.

Q. What Westbound Conference do you think is not represented in the Eastbound Conference?—A. Well, I do not know of any Hamburg Westbound Freight Conference to-day.

Q. You mean that which existed?—A. I said to-day.

Q. That conference exists?—A. I do not know that it exists.

Q. I am only asking you about those which do exist. I say, eliminating the changes in the names in the Conference—A. I can only profess to know what I know as an officer of the Canadian Pacific, and I know we are members of the United Kingdom Westbound Freight Conference, and also members of the Antwerp Westbound Freight Conference, and members of the North Atlantic Eastbound United Kingdom Freight Conference.

Q. Well now, are all the members of the North Atlantic Eastbound Conference members of the North Atlantic Westbound Conference—U.K.?—A. No.

Q. I notice a letter which I received from the Agricultural Conditions Committee, 1923, being a copy from the Canadian Government Merchant Marine to Mr. Morse, dated May 18, 1922, in which Mr. Cunningham was asking Mr. Morse to forward copies of their tariffs to their European managers, and he says: “I understand that copies of all tariffs, circulars, minutes of meetings, and so forth, in connection with the North Atlantic U.K. Freight Conference are forwarded by you to the various members of the Westbound Conference in the United Kingdom.” That would be correct?—A. I do not understand so.

Q. You do not understand so?—A. No.

Q. (Reading) “While we do not actually sit in at the Westbound meetings, the Cunard Line, as you know, represents us in the United Kingdom, apply the rules, and adhere to the rates in connection with shipments handled by their steamers westbound just as strictly as though they were Cunard boats.” Therefore, is it correct that these steamers trading into Canada westbound, owned by the members, have your tariffs in London and agree upon tariffs westbound

[Mr. W. T. Marlow.]



which are just as strict as your eastbound tariff?—A. I do not know that. I only know that I for the Canadian Pacific, send the tariffs and minutes over to our representatives.

*By the Chairman:*

Q. Do you think that other lines follow a different procedure than is followed by your line?—A. I am sure I cannot say what the procedure of the other lines is, but in saying that, I do know that many of the members of the Westbound Conference in Canada do not receive even the minutes or tariffs of the Westbound Conference.

*By Mr. Symington, K.C.:*

Q. Then some of the members of the Eastbound Conference are unable to tell their people here what the westbound rates are?—A. I understand that to be the case.

Q. That is not the case with you, at any event?—A. Not the case with us.

Q. Is there any essential difference between the method of fixing rates westbound and fixing rates eastbound?—A. I have never attended any of the westbound meetings so I cannot answer that.

Q. Have you studied the tariffs, as Foreign Freight Agent?—A. I have considered the tariffs westbound.

Q. Have considered the basis upon which they are fixed?—A. No.

Q. You, as Foreign Freight Agent, have never considered that question?—A. I have enough to do as it is on this side, without going into these details.

Q. But you are responsible for the earnings of your line?—A. Not westbound.

Q. That makes no difference to you?—A. Oh, yes, it makes a difference. I will help them all I can.

Q. Does it not make a difference to you in connection with the fixing of rates eastbound?—A. I have never considered there was any relationship between the rates eastbound and westbound.

Q. So the Committee may understand that in the fixing of the rates there is absolutely no relation between the rates eastbound and westbound?—A. That is absolutely right.

Q. And in fixing the eastbound rates, what is earned westbound by your boats does not enter into it at all?—A. It does not enter into it in respect to the fixing of the rates, but our general results westbound have a decided effect on what we do eastbound.

Q. What we are interested in, of course, is the rates eastbound, and if that is a fact, I think the Committee should know that in your fixation of rates eastbound, your earnings westbound are not considered whatsoever?—A. I did not say that. I said the rates westbound were not considered.

Q. Then the rates westbound—A. You said "the earnings" last.

Q. Let us come to that. We have got it down that the rates westbound are not considered in fixing the eastbound rates?—A. That is right.

The CHAIRMAN: Does the witness say that the rates westbound are not considered at all in fixing the rates eastbound?

Mr. SYMINGTON, K.C.: Yes.

*By Mr. Symington, K.C.:*

Q. Let us reverse that. Are the rates eastbound considered in fixing the rates westbound?—A. No, sir.

[Mr. W. T. Marlow.]

Hon. Mr. STEVENS: Mr. Symington, before we leave that, I think we ought to clear that up, because to me it is of the greatest importance. If this witness leaves this where it is now, I would consider it a most preposterous position.

Mr. SYMINGTON, K.C.: I agree with you.

Hon. Mr. STEVENS: I do not want to interfere with your method of cross-examination—

Mr. SYMINGTON, K.C.: Go ahead; it is the information, which we are after.

Hon. Mr. STEVENS: I would suggest that we make that point abundantly clear because it will affect the conclusions at which I will arrive. This witness is evidently discriminating between the words "Earnings" and "Fixing of rates".

Mr. SYMINGTON, K.C.: I am coming to the earnings in a moment. What I was getting at was the basis—whether there was any relationship in the basis of rates. You say you consider the earnings?

The CHAIRMAN: Get him to repeat himself, Mr. Symington, because I would like to have it perfectly clear. The note of it I have made is that the Westbound rates are not considered in fixing rates Eastbound, and that the Eastbound rates are not considered in fixing rates Westbound.

Mr. SYMINGTON, K.C.: He says that also.

The CHAIRMAN: That is what he says, that the Westbound rates are not considered in fixing rates Eastbound, and vice versa. Now we go to the earnings.

*By Mr. Symington, K.C.:*

Q. I understood you to say that the earnings Westbound were considered in fixing the rates Eastbound?—A. That is right.

Q. Do the New York Conference, then, in fixing the rates Eastbound consider the earnings of your and other lines Westbound?—A. I think they do.

Q. How do they do it?—A. They know that the traffic Westbound is very much smaller than the traffic Eastbound, and for that reason they have to make a balance to take care of the voyage expense, or try to make a profit over it.

Q. If they do not know the rates but they do know what the quantity is, how can they fix, or how can they affect the fixing of the rates Eastbound, when they do not know the rates Westbound?—A. I would like you to repeat that, Mr. Symington.

Q. You say the Conference knows that there is a smaller quantity going Westbound but they do not know the rates at which those commodities travel; how can that affect the fixing of the rates Eastbound?—A. When I say they do not know the rates, I think that is so.

Q. At any rate, they do not take them into consideration?—A. That is better; they do not take them into consideration in making the Eastbound rates.

Mr. DUFF: The Westbound rates are so much velvet.

*By Mr. Symington, K.C.:*

Q. Is that the situation which Mr. Duff has just stated, that the Westbound rates are so much velvet?—A. On some of the lines I presume they are, more than on other lines.

*By the Chairman:*

Q. More velvet?—A. No. Many of the cargo lines and our cargo ships come out in ballast, at times.

[Mr. W. T. Marlow.]

*By Mr. Symington, K.C.:*

Q. Well, what I was getting at, if we can do so, Mr. Marlow, is, what consideration is given by the New York Conference in fixing Eastbound rates to the Westbound quantity and rates?—A. I do not think any consideration, beyond the general results Westbound.

Q. Well, how do they get the general results; do you show them?—A. They know them; they have the manifests.

Q. So that they get your manifests?—A. No; the traffic is fairly divided between the lines. What I mean is that it is natural to suppose that one passenger line gets a fair share with another passenger line, and that one cargo line gets a fair share with another cargo line of whatever is in the market.

Q. What do they do, then, with that knowledge?—A. I do not understand the question, Mr. Symington.

Q. What use is that knowledge to them, what use do they make of it?—A. It is in use in their minds when making rates.

Q. Is it simply this, "We know the Westbound cargo is light, we do not know the rates, and therefore we must make the Eastbound rates high." Is that about it?—A. No, that is not the idea.

Q. So the fact that the Westbound rates are down is not a factor in making the Eastbound rate high?—A. The Westbound rate is not a factor.

Sir HENRY DRAYTON: I am afraid we are getting at cross purposes, Mr. Symington, and are getting crooked answers. I appreciate this that so far as the rates are concerned, the fixing of the Eastern rate is not related to the fixing of the Westbound rate. The witness says that the Westbound movement may have an influence on the Eastbound movement. I can appreciate that, but I think Mr. Marlow has not gone quite far enough.

*By Sir Henry Drayton:*

Q. In connection with that situation, Mr. Marlow, you would be I think certainly influenced by this consideration, that is, whether or not the line is making a return on the business on the route, that you ought to be interested in the Westbound movement to the extent that that Westbound movement is contributing to the general expense, and that the movement that Westbound movement plus the present Eastbound movement achieves a result which carries and gives a fair and reasonable profit, there is from that moment a reflection of that consideration in the making of the Eastbound rate. Do you follow me, Mr. Marlow?—A. I think that is well expressed, Sir Henry.

Q. Well, is that correct?—A. That is correct; I subscribe to that.

Mr. SYMINGTON, K.C.: It has nothing to do, we take it, with an individual rate, but generally they view the situation.

Sir HENRY DRAYTON: It would be absolutely unfair if the general result was not considered.

Mr. SYMINGTON, K.C.: I think so, Sir Henry.

*By Mr. Symington, K.C.:*

Q. Take the general result, Mr. Marlow, would it be reflected in the Westbound rate or the Eastbound rate?—A. I think in both.

Q. In giving that reflection, do you know whether by comparison—

Sir HENRY DRAYTON: Stopping there a moment, Mr. Symington, I would say that owing to the fact that the Eastbound tariff is on a higher basis, relief ought to be given to the Eastern movement.

Mr. SYMINGTON: That is exactly the question I was going to ask at this moment, when you intercepted me in my question.

[Mr. W. T. Marlow.]



*By Mr. Symington, K.C.:*

Mr. Marlow, you say the relief would be given to both, with the improved conditions?—A. I believe so.

Q. Have you considered whether the one is on a higher basis than the other?—A. It is very hard to understand how you can say that the one is on a higher basis than the other. Commodities moving Westbound are not by any means the commodities moving Eastbound.

Q. They are similar in cubic space, are they not?—A. In that respect they are similar.

Q. Do you attempt to achieve a cubic space return?—A. In a general way, we do.

Q. Do you know the cubic space return you endeavour to secure Eastbound?—A. We do.

Q. What is it?—A. You mean a definite figure?

Q. Yes.—A. No, I don't know that.

Q. Well, how can you hope to achieve it if you do not know it?—A. We hope to achieve it, in the general result.

Q. Do you know the cubic space Westbound you aim at, the price?—A. The space Westbound is never at a premium, never or seldom. Generally ships have so much vacant space that space is not a great factor.

Q. So that coming Westbound, may I interpret your evidence correctly that you have no figure you hope to achieve, or set out to achieve in the matter of space Westbound, per cubic foot?—A. As I said in the first place, I have nothing to do with the fixing of rates Westbound.

Q. So you do not know?—A. I do not.

Q. Very good. Then you cannot, I take it, give the Committee any comparison at all as between Eastbound and Westbound rates?—A. I am not in a position to do so.

Q. Can you say how the rates to the Continent, compare with the rates of the United Kingdom Conference?—A. The rates to the Continent in some cases are lower and in some cases higher.

Q. Have you made a summary of it at all?—A. No, I don't think I have. I am afraid I have not got that with me, Mr. Symington.

Q. I beg your pardon?—A. I may have, if you will wait one moment. I am afraid I cannot put my hand on it at the moment.

Q. Can you state generally whether they are higher or lower?—A. Generally they are higher to the United Kingdom.

Q. They are generally higher to the U.K., while the Continent is farther away, is it not?—A. It is a longer voyage.

Q. What are the reasons why the rates to the U.K. are higher than on the longer voyage to the Continent?—A. Well, I have found this comparison. Can I quote it?

Q. Yes. Give the Committee anything you have.—A. These are commodities on which the rates are higher to Hamburg than to the U.K.; automobiles 27½ cents to Hamburg, 25 cents per cubic foot to the U.K. Cereals in cases, to Hamburg 45 cents per 100 pounds, to the U.K. 40 cents. Cheese, 75 cents to Hamburg, 70 cents to the U.K. Clothespins, 55 cents to Hamburg, 50 cents to the U.K. Eggs 37½ cents per cubic foot to Hamburg, 35 cents to the U.K. Handles, straight, 45 cents per 100 pounds to Hamburg, 40 cents to the U.K. Leather, sole, \$1.10 per 100 pounds to Hamburg, 85 cents per 100 pounds to the U.K. Lumber, heavy, from United States ports, 40 cents to Hamburg, 35 cents to the U.K. Lumber, light, 50 cents per 100 pounds to Hamburg, 45 cents per 100 pounds to the U.K.

*By the Chairman:*

Q. That is, from United States ports?—A. From all ports.

[Mr. W. T. Marlow.]

Q. I thought you mentioned lumber?—A. I mentioned lumber particularly, because we do not carry any lumber from Canada to Hamburg.

Q. They do from the United States.—A. Newsprint, 55 cents per 100 pounds to Hamburg, 45 cents to the U.K. Wrapping paper, 45 cents to Hamburg, 40 cents per 100 pounds to the U.K. In refrigerator space, apples in boxes, 60 cents per box to Hamburg, 50 cents per box to the U.K. Sugar, refined, 27½ cents per 100 pounds to Hamburg, 25 cents per 100 pounds to the United Kingdom. Rubber tires, 37½ cents per cubic foot to Hamburg, 25 cents per cubic foot to the U.K.

I would not say that these are all the commodities. They are some examples I picked out in checking up the other day when the question was raised, I think in examining Mr. Cleminson.

*By Mr. Symington, K.C.:*

Q. Did you pick out any where the rates were lower in the Conference than to the United Kingdom?—A. I can admit that there are many lower.

Q. Practically all except what you have given the other way?—A. Generally speaking the rates rule lower to the Continent than to the U.K.

Q. Why? Just there, when you have given us these Hamburg comparisons, are the rates to Hamburg and Antwerp the same?—A. No, they are about 2½ cents lower to Antwerp.

Q. So that that comparison you have given us, if we were making it to Antwerp, it would be 2½ cents off the Hamburg rate?—A. Generally speaking.

Q. I was assuming that the continental tariffs had been filed. I do not know that they have been. We might want to make an examination of them. Have you those?—A. I think we have, and we can file them.

Q. Will you kindly file them as soon as you can?—A. I will.

Q. Why should the continental rates be lower than to the U.K.?—A. The difference in rates to the U.K. as against continental ports involves several factors. The continental Conference was only formed in 1921.

Q. That is, the continental Conference Eastbound?—A. Eastbound, and has never reached a full and complete understanding. It was difficult to get the lines together, on account of the many interests and nationalities concerned, namely, German, Dutch, French, American, British and Canadian. There was a period after the Conference was formed and shortly afterwards when it was impossible to arrive at a common viewpoint.

*By the Chairman:*

Q. May I interject a question; a common viewpoint between the U.K. Conference?—A. Between the various interests in the Continental Eastbound U.K. Conference, and a large number of commodities were without fixed rates through internal dissensions in the Conference, namely, jealousies between the German and the Dutch lines, and the times such as we had I think in 1922, when there was a general demoralization in the rate situation, when I would estimate that probably two-thirds of the rates were thrown open. The low basis of rates to the Continent Eastbound has already caused some of the lines to withdraw from that trade. From Canadian ports the Rogers & Webb Line and the Head Line have withdrawn, and I read in the newspapers, I think it was yesterday, that the Inter-Continental Transports or that part of their services owned by the Canadian Steamship Lines have decided to withdraw. That is undoubtedly due to the heavy losses sustained in operating in that trade.

*By Mr. Symington, K.C.:*

Q. I take it then, summarising that, that the rates to the continent are not always the rates to the United Kingdom, because the Conference itself

[Mr. W. T. Marlow.]

is not as closely welded or as efficient as the United Kingdom North Atlantic Conference?—A. That is one of the reasons.

Q. The only one that I gathered from your statement?—A. I am not certain that if the Conference was well welded, that the rates would be effective, on account of the jealousy still existing between the German and Dutch line.

Q. You filed Exhibit 6, for the North Atlantic Continental Freight Conference agreement, or rules and regulations?—A. Yes.

Q. And the Canadian Pacific steamships are a member?—A. We are.

Q. And in that Conference agreement, which provides for everybody abiding by and fulfilling every obligation laid down in the rules, the Conference is still in existence?—A. It is still in existence.

Q. Then it goes on and provides for a differential of ten per cent between the Dutch-Belgian ports, and Hamburg-Bremen ports?—A. Yes, that is true, but that is not always observed.

Q. And Hamburg and Bremen were to be ten per cent under Antwerp and Rotterdam?—A. Say that again.

Q. Hamburg and Bremen, ten per cent under Antwerp and Rotterdam?—A. Just exactly the other way about.

Q. Well, let us read it. Tariff regulation 2. "The rates to German ports shall in principle be ten per cent over the rates to the Belgian and Dutch ports." That seems to be right. And then in rule 3, which provides for dealing with rate disturbances by non-Conference lines. "Nothing in the above shall affect the right of the Dutch-Belgian group to maintain their rates at ten per cent under the Hamburg Bremen rates, or the right of the German group to fix their rates"—Yes, you are right—"at ten per cent above the Rotterdam-Antwerp basis, it being understood that the ten per cent difference shall be automatically applied unless by unanimous consent among themselves the groups shall decide to maintain a higher rate basis to their respective ports."

Now this Conference agreement also provides for an initiative list in the Gulf and South Atlantic ports?—A. The same arrangement as applies in the United Kingdom. As regards the Gulf and South Atlantic.

Q. As applies with the neutral list and so on. Unanimous consent to any change being required. Then it provides,—A. Except in respect to the initiatives. As I explained yesterday, in my examination on the United Kingdom rates, when you referred to the tripartite agreement, the North Atlantic initiated rates on certain commodities and those, after the date of effectiveness was decided upon, became the rates.

Q. Unless a protest was entered in the meantime?—A. Not if it was the North Atlantic initiative.

Q. Now I notice in this agreement also—to which I understand you are a party?

The CHAIRMAN: Forgive me, Mr. Symington. I did not get that. Would you ask that question again, and get the witness to give it over again.

*By Mr. Symington, K.C.:*

Q. That in this Conference, with open rates, as I understand the witness to say, upon which the North Atlantic have what is called the initiative, those become rates despite the protest of the other two Conferences?—A. I don't know anything about "despite the protests", because the arrangement having been made that the North Atlantic may initiate rates on certain commodities, those are the rates.

Sir EUGENE Fiset: On four commodities only. Named by the witness yesterday.

[Mr. W. T. Marlow.]



*By Hon. Mr. Stevens:*

Q. Name them again, Mr. Marlow. Then they will have it clear.—A. Mr. Stevens, the General is confusing I think, another question with Mr. Symington's question, and it is very difficult for me to answer the General.

Mr. SYMINGTON, K.C.: I am speaking of the North Atlantic initiative with respect to that. The other is the Canadian initiative within the North Atlantic Conference.

The CHAIRMAN: I had not quite seized it. What initiative, Mr. Symington, are you asking about now?

Mr. SYMINGTON, K.C.: Under the Continental Conference Agreement, apart from any other agreements that exist, it is provided that the Gulf and South Atlantic Conference have initiative on certain rates. There is what is called a neutral list and I understand Mr. Marlow to say, although it is not in here that I can find, that the North Atlantic have an initiative list with respect to traffic to the Continent.

*By Mr. Symington, K.C.:*

Q. Now it is also provided in here—and I ask you to note this, because you are a party to this—the Benson list, that is flour and so on.—A. Those were the commodities allied to flour, which were mentioned by Admiral Benson when five cent differential over grain on flour was made by the United States Government.

Q. "The following articles included in the Benson list, take five cents per hundred pounds over the heavy grain rate, except flour of Canadian origin, on which the rate is fixed in Canadian currency by Canadian Liner Committees from time to time at not lower than the prevailing rates from United States ports."—A. The reason for that was that we did not subscribe to the principle of five cents over the grain rate as being a reasonably fair rate.

Q. That is the Canadian liners did not?—A. The Canadian Liner Committee. Or the Canadian Lines did not.

Q. The Canadian lines did not?—A. Neither did the North Atlantic Conference as a whole.

Q. They are not excluded are they? The point I am getting at is that on this Continental Conference the North Atlantic Lines, except the Canadian Liners, had bound themselves under this agreement to carry flour at a five cent differential over the heavy grain rate. The Canadian Liners have not but can fix the rate at anything they like provided it is not lower than the rate from the United States ports. That is the situation, is it not?—A. That was the situation then.

*By Hon. Mr. Stevens:*

Q. Is it now?—A. No, it is not.

*By Mr. Symington, K.C.:*

Q. Has this agreement, Exhibit 6, been changed?—A. The agreement has not been changed, but the practice in respect to the rates flour versus grain has entirely changed.

Q. So that what you say is that although it still is in the agreement, in fact they do not carry it out?—A. That is it.

*By the Chairman:*

Q. Although it is the law, it is not the practice?—A. Yes. These agreements are not like the laws of the Medes and Persians, Mr. Chairman; they can be changed.

[Mr. W. T. Marlow.]

*By Mr. Symington, K.C.:*

Q. By unanimous consent?—A. At any time.

Mr. SHAW: That would be like the law of the Medes and Persians.

Mr. SYMINGTON, K.C.: Exactly. I think it is very much like it.

The WITNESS: Any one line can change them by giving notice.

Mr. SHAW: May I ask you, Mr. Symington, with regard to this agreement, that in any place where it conflicts with the Conference agreement, the North Atlantic and South Atlantic—I mean, are they all consistent with one another?

Mr. SYMINGTON, K.C.: I find no conflict. The evidence, as I understood it, or the statement my friend made—Mr. Montgomery will correct me if I am wrong—was that they could not find any North Atlantic Conference agreement but this generally was the effect of the U.K. as well as the Continental Conference, that is contained in Exhibit 6.

Mr. MONTGOMERY, K.C.: No, that is not correct. What I said was that there had never been a North Atlantic U.K. Freight agreement, that anyone knows of at least. That when they were required to file all agreements at Washington, not being able to find that there ever was such an agreement, they filed a statement to the effect that the several lines mentioned were in agreement; a copy of the actual statement was filed as an Exhibit. It was a declaration. But I made no statement that they corresponded with that or had anything to do with it, nor do I say the contrary. It was simply because there is not anything to compare it with, there is no written agreement, but there was as stated in that declaration an agreement as to rates by the lines whose names were given.

*By Mr. Symington, K.C.:*

Q. Perhaps Mr. Marlow can tell us. Does this Exhibit 6, generally speaking, set forth the principle of the operation of the North Atlantic U.K. Conference as well as the Continental Conference?—A. No it does not.

Q. Wherein does it differ?—A. Oh in many respects. There is no division of territory. For instance, where there are two groups of rates. And there are many exact rules in that agreement, which it has never been found necessary to embody in any written agreement in the United Kingdom Conference.

Q. According to the statement there has been none embodied in a written agreement.—A. There has not been.

Q. But in the matter of procedure?—A. I don't think procedure is covered by that agreement at all.

Q. Well, let us go on and see that. Rule Number 3. "Rate disturbance by non-Conference Lines. In the emergency of a disturbance of rates by non-Conference lines, which, in the opinion of the Conference, requires particular attention from the lines in whose trade the disturbance occurs, the Conference for rate making purposes shall be divided into two groups, one comprising the line to Hamburg and Bremen, the other the lines to Rotterdam, Amsterdam, and Antwerp. These groups shall appoint separate Rate Committees for their respective trades who shall submit their recommendations on rate variation to the Conference, it being understood that each group shall have power to fix such rates as may be necessary in their respective trade."—A. There is no such grouping in the United Kingdom Conference.

Q. "In voting on such emergency rates each owning interest shall have one vote."—A. That is true.

Q. That is what the rule says with respect to meeting rate disturbance by non-Conference lines.—A. That is right, in that respect.

[Mr. W. T. Marlow.]

*By Hon. Mr. Stevens:*

Q. There is a contradiction in your answers, Mr. Marlow, there. In the first answer he said there was no similarity whatever with this rate disturbing grouping, and then in the next answer he says it is true they have one vote. I do not understand the two answers at all.

Mr. SYMINGTON, K.C.: I do not see any contradiction.

The WITNESS: Well, I said that in the North Atlantic United Kingdom Conference we have no grouping of lines such as is mentioned in that rule.

*By Mr. Symington, K.C.:*

Q. Quite so. But what I am getting at is: in this agreement, true, there are two lines or two groups who meet the competition in their respective group and report it and it is voted upon as an emergency rate, in the North Atlantic United Kingdom there is one group, but they do exactly the same thing?—A. That is right.

Q. Then in Exhibit 6, Rule 8-F. "Method of meeting outside local competition on neutral commodities." Taken from the Atlantic meeting to which you have referred. "Whereas the present method of authorizing emergency rates to meet destructive competition is not satisfactory and in practice results in the useless sacrifice of revenue; and whereas in order to maintain confidence and observe uniformity of action it is necessary to allow each Conference greater discretion in the matter of meeting such destructive competition;

"Be it resolved that by unanimous vote of all members of any district Conference, such reductions in rates on neutral commodities as per list attached may be made as in the judgment of the Conferences are necessary to meet such competition, without securing the concurrence of the other district Conference.

"And be it further resolved that when any Conference authorizes such reduction, the Secretary shall at once telegraph other interested Conferences of its action, with fullest information as to what competition necessitated the reduction, including the name of the steamer, flag, position, and name of agent.

"And be it further resolved that no Conference shall take advantage of the authority hereby granted unless an emergency makes it inadvisable to undertake to reduce the rates through the regular procedure of submitting proposals to the other District Conferences for concurrence" and so on. That is the method adopted of meeting outside competition, whereby the various Conferences are notified of the emergency rate necessary, with the name of the steamer, flag, position and so on of the line, that made the emergency rate necessary.

Mr. MONTGOMERY, K.C.: You are speaking of the Continental agreement now?

Mr. SYMINGTON, K.C.: Yes, the Continental agreement.

The WITNESS: That rule has been considerably modified since by practice. We do not notify the other districts now, so far as I know.

*By Mr. Symington, K.C.:*

Q. You say in practice you do not now, so far as you know, notify the other districts. Do you know whether Mr. Morse does?—A. I do not think he has to now.

Q. You do not think he has to. If it has been changed, you have not anything in writing showing the change?—A. No. I have nothing in writing showing the change.

Mr. SYMINGTON, K.C.: Now then again, further along in the same resolution it says:—

"That the authority granted by these resolutions shall not be delegated to any Committee, sub-committee, or sub-conference, and can only

[Mr. W. T. Marlow.]



be exercised by the unanimous vote of all the members of the District Conference representing lines engaged in the trade where the competition actually exists; and

"Resolved; that any rates made under the authority hereby granted, will be for a period not exceeding ten days, and limited to the known position of the competitive steamer only, and at the expiration of the ten-day period, the rates will be automatically restored. Should competition be disposed of before the expiration of ten days, other Conferences will be so informed immediately, and tariff rates will become effective."

*By Mr. Symington, K.C.:*

Q. That was the rule adopted?—A. That was the rule adopted, but the last part of it is now obsolete—notifying other districts.

Q. Later on it was changed to five days, instead of ten?—A. I think it was, yes.

Q. And that is the method, subject to whatever changes existed, that has been adopted by the Conference under this agreement, for the purpose of meeting the competition of any non-Conference line?

Mr. MONTGOMERY, K.C.: You are only speaking of the Continental Agreements?

Mr. SYMINGTON, K.C.: Yes.

The WITNESS: That is so.

*By Mr. Symington, K.C.:*

Q. Is there any essential difference in meeting the competition in the North Atlantic U.K.?—A. Not in respect to these emergency rates.

Q. And this same Agreement, Exhibit No. 6, provides for a differential between the North Atlantic, the South Atlantic and Gulf Ports?—A. Yes, respecting what was agreed to at the Atlanta Conference.

*By Mr. Montgomery, K.C.:*

Q. That is the Conference to which you were summoned by the Shipping Board?—A. The Atlanta Joint Conference—the North Atlantic, the South Atlantic and the Gulf.

*By Mr. Symington, K.C.:*

Q. And Exhibit 16F, Mr. Marlow, being the minutes of the Continental Conference, 1921 to 1924, of which the last meeting filed was December 18, 1924, will reflect whatever changes have been made from time to time in this agreement?—A. That is so.

The CHAIRMAN: I will ask the reporter to read that last question and answer again.

(Whereupon, by direction of the Chairman, the last preceding question and answer were read.)

The CHAIRMAN: "In this agreement". That is Exhibit No. 6?

Mr. SYMINGTON, K.C.: Yes, Exhibit No. 6.

Sir EUGENE Fiset: Will you ask the witness if the Atlanta Conference embodies—

Mr. FLINTOFT: He is referring to the meeting at Atlanta, Georgia.

Mr. SYMINGTON, K.C.: I can clear that up.

[Mr. W. T. Marlow.]

*By Mr. Symington, K.C.:*

Q. At the Atlanta meeting there were representatives of the Gulf, the South Atlantic and the North Atlantic Conferences?—A. That is correct.

Q. Which are all the Conferences Eastbound on the Atlantic—

The CHAIRMAN: On the Atlantic side of North America.

The WITNESS: No, I do not think it numbers any Scandinavian or Baltic Conferences, but it did in what is known as the United Kingdom and the Continental Trades.

*By the Chairman:*

Q. And are those the trades in which Canada is particularly interested?—

A. Those are the trades in which Canada is particularly interested.

*By Mr. Symington, K.C.:*

Q. Now, can you tell us how the rates from the Continent to Canada compare with the rates from the United Kingdom to Canada?—A. Generally speaking, the rates from the Continent are much lower.

Q. Than the rates from the United Kingdom?—A. Yes.

Q. Why is that?—A. Because of the dissension amongst the lines, which I have already explained, and in my own opinion—and I think Mr. Cleminson indicated it in his evidence—an attempt on the part of the German lines to try to oust other than their own tonnage.

Q. That is, there is a Continental Westbound Conference as well—a Continental Atlantic Westbound Conference?—A. No, not in the sense of which you speak, I think. We have no agreed rates with anyone from Hamburg, for instance, because of the dissension amongst the lines.

Q. You are a member of the Conference, you told us—A. From Antwerp, which covers only Belgian traffic.

Q. You are not a member of any other Conference westbound?—A. No, we are not a member of any other Continental Conference westbound.

Q. Continental, yes; quite so?—A. Yes.

Q. Do you know if any other member of the North Atlantic Eastbound Conference is a member of any Continental Westbound, excepting the Antwerp Conference?—A. Oh, yes.

Q. There are other Conferences besides the Antwerp?—A. In the Continental Eastbound Conference, for example, the United American Line—which is practically the Hamburg-American Line—are members of the Eastbound Continental Freight Conference.

Q. Then there is a Hamburg Westbound Conference?—A. Well, I do not know about that. There is so much quarreling between the lines that I am not certain in my own mind whether there is such a Conference to-day at all. If there is, I believe it would be purely German.

Q. Then we can take the correct answer for the Committee to be that, in your opinion, rates from the Continent to Canada and this side of the Atlantic, are lower than rates from the United Kingdom because other Conferences do not exist over there, or they are much less loosely knit?—A. No, I would rather say because it is a deliberate attempt on the part of the German mind to try to oust British tonnage. That is my opinion.

Mr. DUFF: That is a very good answer.

*By Mr. Symington, K.C.:*

Q. Would that apply to all Continental ports or just to Germany?—A. The Committee must understand the situation. A great part of the traffic originating on the Continent of Europe emanates from German and Austrian sources, and the outlets are Hamburg, Bremen, Rotterdam and Antwerp, and there is

[Mr. W. T. Marlow.]

no question in my mind but that the German lines would like to get a control of that traffic. I will go further and say that probably as they did before the war, with state subsidy in some form or other, they might bring about a general demoralization in the rates westbound in the hope that when they survived with their tonnage, their rates would go back to perhaps an exorbitant figure.

Q. We have heard about "demoralization of rates", and I was going to ask you if we could get an instance of demoralization of rates from the rates which now exist from the Continent to Canada?—A. I do not know, Mr. Symington, where you would find a list of rates now existing from the Continent to Canada, because they are changed from time to time and from day to day. If the German lines see a big parcel of traffic, they will make any rate they please on it.

Q. You were going to file with us your traffic from Antwerp.—A. From Antwerp, which covers only traffic of Belgian origin.

Q. Can you not take traffic of any other origin than Belgium at Antwerp?—A. Yes, but we could not get this rate on it.

Q. The traffic will go through German ports because of the rates?—A. Yes. Q. So your traffic is confined to traffic—A. Which is practically all of Belgian origin. There are other incidental reasons at the present time, such as, for instance, the occupation of territory by the Allies which prevents the free movement through Antwerp to and from the interior of Germany.

Q. The reason I am asking you about this demoralization is because I see in the reply that while it is admitted that these rates are lower, they are referred to as rates which arise by reason of a rate war?—A. I suppose it could be described as a "rate war"—I mean the present state of affairs.

Q. What immediately struck me was this—and as that is what is threatened in our own trade—perhaps we can get some idea of what the rate war was over those rates?—A. A rate war, as we understand it, is when every line in the trade scrambles for its share, and in the effort reduces rate to, in many cases—

The CHAIRMAN: An uneconomic basis?

The WITNESS: Yes, an uneconomic basis.

*By Mr. Symington, K.C.:*

Q. Is that the situation in the Continental traffic in North America to-day?—A. It is pretty well the situation in the north—

Q. So we get a reasonable reflection—A. You did not get my reply. That is pretty well the situation in the Westbound Continental trade to-day.

Q. So we get a reasonable reflection of what is meant by "rate war" and "rate demoralization" from conditions in that trade to-day?—A. That is so.

Q. Do you know whether, as a matter of fact, goods can be shipped to-day from Britain via Antwerp to America, than they can direct?—A. That is possibly so on some commodities.

Q. And, vice versa, goods can be shipped to Great Britain via the Continental cheaper than they can be shipped direct—that is, some commodities?—A. That is possibly so.

The CHAIRMAN: May I interject a question here, which occurs to me?

Mr. SYMINGTON, K.C.: Certainly.

*By the Chairman:*

Q. Mr. Marlow, you state that as far as traffic coming from the Continental ports to Canada is concerned, the ships are operating under conditions which are practically those of a rate war, while from the U.K. ports west to Canada, they are operating under rate conditions stabilized by the Conference.

[Mr. W. T. Marlow.]



Has your line withdrawn, in the last two or three years, any ships from the Continental trade, and if so, how many?—A. I cannot say how many, but we have cancelled sailings from time to time.

Q. That is not my question. Have you withdrawn ships from the Continental routes due to this rate war, and if so, how many ships have you withdrawn?—A. I do not think there is much difference between my answer and your question, sir. When I say "sailings" I mean at times the traffic has become so poor, with the low rate, that it was not profitable to sail, the ship, as we had scheduled her, and, therefore, it is equivalent to the withdrawal of the ship.

Q. But are the ships withdrawn from the route altogether? That is what I am trying to get at, Mr. Marlow?—A. Our ships are not peculiar to any route. We may sail one from Hamburg on one occasion, and the same ship on another occasion from London, so we cannot identify it by ships.

Q. Let me put it this way: Are you to-day operating a smaller number of your ships from Continental ports than you did, say, two years ago?—A. I would say "Yes," offhand, without checking it up.

Q. How many?—A. I do not know.

Q. Then the diminution in the number of ships could not have been very considerable or you would have made a note of it, would you not?—A. That is not in my mind, Mr. Chairman. What we are trying to do is to adapt our sailings as far as possible in a trade to that trade's requirements.

Q. You try to do that in all trades? You try to adapt the number of sailings of your ships to the requirements of your ships in all trades, do you not?—A. Only in a lesser measure in the United Kingdom trades for the reason that we enjoy a passenger traffic, and you have to have a definite schedule of sailings, sir.

Q. No doubt that is true, irrespective of whether there were Conference conditions or conditions where no Conference existed?—A. That is true.

*By Mr. Symington, K.C.:*

Q. Mr. Marlow, in connection with your withdrawing ships or sailings: other sailings have come into that market, particularly the Germans?—A. Are you speaking broadly now of the North Atlantic trade?

Q. Broadly of the Continental trade, where this rate war is?—A. I would say that last year there was a very heavy falling-off in the westbound German trade, both to Canada and the United States.

Q. You mean in the sailings?—A. In the traffic moving.

Q. I am speaking of the sailings?—A. Naturally there would be fewer sailings if there were less traffic to carry.

Q. Not always, apparently?—A. Not always, no, but with cargo steamers generally.

Q. Can we take it that sailings from the Continent have fallen off considerably?—A. They have decidedly fallen off to Canada. I mentioned to you three lines who have gone out of business.

Q. You mean withdrawn their boats from different lines?—A. Withdrawn their boats from the service.

Q. And no others came in?—A. Not that I know of. There are only two lines, of which I know, operating from the St. Lawrence to the Continent, and those are the Canadian Government Merchant Marine and ours.

Q. And you did not get full cargoes?—A. We did not get full cargoes.

Q. That, perhaps, has something to do with the withdrawals—is that so?—A. I do not think so. There are various causes.

Q. I presume that lack of cargo would be a main one?—A. That is the main one, and unprofitableness of the cargo carried.

[Mr. W. T. Marlow.]

Q. Does the passenger business come under your purview?—A. I have nothing whatever to do with it.

Q. You have nothing whatever to do with this Passenger Agreement (indicating exhibit 45)?—A. I have never even seen one until this Committee was opened.

Q. So you cannot tell the Committee anything about this Passenger Agreement?—A. I am sorry I cannot tell you anything about it.

Mr. SYMINGTON, K.C.: Will there be anybody here to tell us about that?

Mr. MONTGOMERY, K.C.: I have not enquired. Mr. Flintoft can probably tell you that.

Mr. CHAIRMAN: Mr. Flintoft can tell us the name of the gentleman who knows best about the Passenger Agreement.

Mr. SYMINGTON, K.C.: I was simply going to point out that they fix the rates of various classes of ships, and particularly in respect to the third-class or steerage end of it. However, if Mr. Marlow does not know about that, we will have to let it go.

*By Mr. Symington, K.C.:*

Q. Now, Mr. Marlow, asbestos is peculiarly a Canadian trade, is it not?—A. Yes.

Q. I have a complaint written to me by a gentleman here saying that the rate on asbestos per ton from Antwerp to New York is \$3, and from Montreal to Liverpool is \$16. Is that correct?—A. Antwerp to New York.

Q. Yes, \$3?—A. I have never heard of a movement of asbestos from Antwerp to New York. It must be a returned shipment.

Q. You think it would be a returned shipment?—A. The only asbestos mines I know of in the world are in South Africa and Canada.

*By the Chairman:*

Q. And Russia?—A. Yes.

Sir HENRY DRAYTON: Rhodesia is the real producer to-day, outside of Canada.

*By Mr. Smyington, K.C.:*

Q. Will you look this up, because I am asked to inquire about it?—A. The reason I said it must be a returned shipment, Mr. Symington, is that we very often, to oblige a shipper, bring back some goods at a special rate if there was something wrong with the sale, or he was in hard luck and could not market the goods sent over, but it would be unfair to compare such special rate with a normal one.

Q. I quite agree with you. I am only asking for the information, because I was asked to ask for it.—A. I will look it up.

Mr. RINFRET: Was it New York to Antwerp?

The CHAIRMAN: I was wondering if it might not be New York to Antwerp. It might go down in bond and out from New York.

Sir HENRY DRAYTON: It could not do that.

Hon. Mr. STEVENS: It demonstrates the desirability of knowing what we are talking about. We should know what this shipment was.

*By Sir Henry Drayton:*

Q. I think, Mr. Marlow, there is one explanation you have not given and that is, that this might be a lot of Rhodesian asbestos shipped to the Continent and then to the States?—A. There might be something in that, Sir Henry.

[Mr. W. T. Marlow.]

*By Mr. Smyington, K.C.:*

Q. In any event, you have the tariff from Antwerp yourselves?—A. We have.

Q. Would you kindly look up and let me know, the rate on asbestos from Montreal to Liverpool, from Antwerp to New York, and from New York to Antwerp?—A. I will.

Q. Then will you look this up: perfumery, the rate to Montreal from London is 105 shillings for 40 cubic feet; from Havre 45 shillings for 40 cubic feet; from Hamburg \$1 per 100 pounds. Toilet preparations, 65 shillings for 40 cubic feet from London, 45 shillings from Havre, and 75 cents per 100 pounds from Hamburg.

Q. Mr. Marlow, your line does not—or does it—handle tea?—A. Where from.

The CHAIRMAN: Ceylon.

*By Mr. Smyington, K.C.:*

Q. From Colombo?—A. We do not handle any shipments from Colombo, as a matter of fact, on the Atlantic, that I am aware of, through from Colombo.

Q. It would be via the Pacific?—A. That would be the natural route.

Q. Would you have a rate from Colombo?—A. On tea?

Q. Yes?—A. \$12 a ton, I think, by all Pacific ports.

Q. You would not have the Atlantic ports, would you?—A. When you get into these questions such as the rates on tea from Colombo, there is transhipment of cargo every now and again from the Far East via London or Liverpool, as the case may be; it is transhipped and carried transatlantic. I do not know of any recent shipments we have had, but it is possible some lines may have had shipments of that kind, nor do I think there is any fixed rate on such traffic.

Q. The Ellerman Line runs a service there, do they not?—A. They run a service to Boston, and I think occasionally call their steamers at Halifax.

Q. That is exactly the point. Would that rate be fixed in a conference?—A. Not in any conference of which we are a member.

Q. You would not know anything about that?—A. I would not know anything about that. Do you wish me to cancel this question with regard to the rate on tea from Colombo?

Q. I think so.

Hon. Mr. STEVENS: Do they not refer, Mr. Symington, to tea brought to London or British ports, warehoused there, and distributed from there?

Mr. SYMINGTON, K.C.: No, it is a straight shipment, Mr. Stevens, the complaint being that these boats come from the East, run on to Halifax, then proceed to New York, and they charge 10 cents more to Halifax than to Boston, and so on.

Sir HENRY DRAYTON: Under your instructions, where do they load?

Mr. SYMINGTON, K.C.: They load at Colombo, by the Colombo Commercial Company, Limited, of Colombo.

Sir HENRY DRAYTON: That would be an out-of-the-way way of doing it.

Mr. SYMINGTON, K.C.: I beg your pardon?

Sir HENRY DRAYTON: It sounds like an out-of-the-way way of doing it.

Mr. SYMINGTON, K.C.: They come across, through the Mediterranean.

WITNESS: There is tea moving that way, and by the Ellerman Line too.

Sir HENRY DRAYTON: I thought the tea went to England, where they have the facilities for handling it. It is shipped out from England, and we have a special tariff to cover it.

[Mr. W. T. Marlow.]



Mr. SYMINGTON, K.C.: From Colombo to New York there were 5,553,000 pounds, from Colombo to Boston 4,487,000 pounds, and from Colombo to Canadian ports 6,314,000 pounds carried on this line.

Sir HENRY DRAYTON: That looks like a really heavy movement, Mr. Symington.

Hon. Mr. STEVENS: That was a full cargo?

Mr. SYMINGTON, K.C.: Many shipments in twelve months from these ports. The rate to Halifax is 50 shillings, and to other American ports 40 shillings.

Sir HENRY DRAYTON: I think the question should stand.

WITNESS: Sir Henry, we do not carry the traffic in such a way; it must be by a line plying to Halifax.

Sir HENRY DRAYTON: It is by a line a member of the Conference?

Mr. SYMINGTON, K.C.: It is the Ellerman Line, the owners of the Canadian and American Steamship Line known as the Ellerman-Bucknall.

*By Sir Henry Drayton:*

Q. Is that a member of the Atlantic Conference?—A. No, sir; it is a direct service from Colombo.

Sir HENRY DRAYTON: They would not know anything about it. Leave that out. I thought it was a Conference line.

WITNESS: The Far East Conference; they may belong to that.

*By Mr. Symington, K.C.:*

Q. Your present bacon rate is 50 cents?—A. For ordinary stowage.

Q. Bacon and ham. Your present rate on cheese is 70 cents?—A. Yes.

Q. Is there any relation between the two?—A. Not that we are aware of, except that they are both foodstuffs.

Q. They are handled the same way, are they not?—A. What do you mean by handled?

Q. I mean the work in connection with loading, the stowage of them, and so on—about the same?—A. No; I would say that we take a great deal more care of cheese, on account of the style of package, than we do with bacon. Bacon is better packed for handling.

Q. Is there any other difference?—A. No other difference that I can think of, in a general way.

Q. You have charged a difference of 20 cents?

The CHAIRMAN: Per 100 pounds?

*By Mr. Symington:*

Q. That is per 100 pounds?—A. That is right.

Q. The cheese people are rather objecting to that, are they not, Mr. Marlow?—A. I have heard that they have, recently, I don't know whether it is since this Committee commenced to sit or not, but they have recently been protesting against the rate.

Q. Claiming that there is only a justification of an extra charge of 5 cents?—A. They go farther than that; I believe they are asking for a 45 cent rate, a lower rate than bacon.

Q. Is there any reason, apart from the nature of the package, why it should be greater?—A. You mean than the extra cost of handling?

Q. Yes.—A. I haven't anything in my mind just now; no, I have not in my mind any reason for the difference.

[Mr. W. T. Marlow.]

*By Mr. Kennedy:*

Q. Were the rates the same in 1921?—A. Yes, they were the same in 1921.

Q. 75 cents?—A. 75 cents per 100 pounds for ordinary stowage.

Q. And a decrease from 75 cents to 50 cents in the case of bacon, since 1921?—A. That is right.

Q. And from 75 cents to 70 cents in the case of cheese?—A. Right.

Q. Why was the decrease greater on one than the other?—A. I cannot answer that offhand, Mr. Kennedy.

*By Sir Henry Drayton:*

Q. Tell me one thing while we are at that. I remember some years ago considering cheese rates. We were troubled a good deal by the containers, the boxes being broken, and the Railway Company showed a great deal of loss in connection with breakages, and we had a standard box produced of different material, which it was claimed would largely eliminate the item of damage to the carrier. What has happened to that box, Mr. Marlow?—A. They are still using the round cylindrical boxes, and we are still having trouble with breakages, except that some of the shippers will wire them now, and when wired there is very much better protection for the cheese.

Q. But the box which was produced would get away from the question of telescoping and breakage on the sides, allowing all kinds of things to hurt the cheese. Has the standard box been adopted?—A. The standard box is a cylindrical box.

Mr. KENNEDY: That was a standard ruling by the Railway Commission.

Sir HENRY DRAYTON: We were trying to get a standard.

Mr. KENNEDY: But it was no better than the other one.

*By Mr. Black:*

Q. The cooperage on cheese is in excess of the ordinary package cargo?—A. That is right, that is, fixing the boxes up after they break.

Sir HENRY DRAYTON: I know there was a lot of trouble about it, and I was wondering if they had got away from it; Mr. Kennedy seems to think they have not.

*By Mr. Symington, K.C.:*

Q. By the way, a large part of your bacon and ham shipments come from the United States?—A. That is true.

Q. Your cheese practically all comes from Canada?—A. We have carried recently quite a quantity of cheese from the United States.

Q. From what district?—A. Chicago and West there.

*By the Chairman:*

Q. What sort of package do the New Zealanders use for their cheese?—A. A very much better package, we think, than the Canadian.

Q. What is the difference?—A. I cannot describe it to you, except from what I have heard. I think I have heard one of the officials of the Department of Agriculture say so.

*By Mr. Johnston:*

Q. Is it much more expensive than the one we are using?—A. Probably it is.

[Mr. W. T. Marlow.]

*By Mr. Symington, K.C.:*

Q. What is your rate on butter in refrigeration?—A. \$1.50 per 100 pounds.

Q. Do you know the rate from Vancouver to the United Kingdom?—A. Yes, I have ascertained that it is \$1.50 per 100 pounds in refrigerator space.

Q. The distance in one case being 8,800 miles and the other being 3,000?—A. That is right.

Q. A shipment from Vancouver, what toll do you have to pay through the Panama?—A. We do not have to carry any, but I believe there are tolls.

*By Sir Henry Drayton:*

Q. Why do you not carry any butter?—A. Through the Panama?

Q. Yes?—A. We have no service there. The Furness have, and the Canadian Government Merchant Marine, but I don't know whether the Furness and the Canadian Government Merchant Marine carry butter or not.

*By Mr. Symington, K.C.:*

Q. As a freight man, would you consider that it is justifiable to charge \$1.50 on butter from Montreal to the U.K., when the charge from Vancouver to the U.K., 5,000 miles farther, with Panama toll dues, is only \$1.50; do you consider that is justified?—A. I do not think you can always measure rates in that way.

Q. Can you offer any reason why the Montreal rate should be that high, granted the other rate is correct?—A. It is a fact that to-day the rate to Vancouver from Montreal is lower than it is to intermediate points over the railway.

Q. I do not want to get into an argument, but can you tell us any reason why that should be?—A. When the rate was made of \$1.50 from Montreal, I do not know what the rate was from Vancouver.

Q. Had you known it, would you have made it lower?—A. There might have been something in that. I understand they are having something to say with the butter people now, but they have not complained, that I know of, against the rate except recently, since this Committee commenced to sit.

Q. I understand you intimated a willingness to treat with them as soon as this Committee is over?—A. That is right.

Q. It is the same with regard to a lot of other people?—A. If you want the truth, we thought somebody was stirring them up.

Q. In any event that would have been your answer to them, Mr. Marlow?—A. That is our answer.

Q. That you are prepared perhaps to meet their wishes when this Committee is over?—A. We are prepared to meet them at all times, Mr. Symington, and we are glad to meet them.

Q. The rate on butter has not been decreased for some time?—A. It has not, since 1919.

Q. Do you know what the rate on New Zealand butter is, from New Zealand to the United Kingdom?—A. Yes, I understand it is the same as from Vancouver and from Montreal.

Q. That is, the New Zealand farmer or dairyman can get into the U.K. market, all the way from New Zealand, all the way from there, the same as the Montreal man can?

*By the Chairman:*

Q. What is your answer to that question?—A. It is only fair to say, with regard to butter, that viewed from a transportation standpoint it is a very precarious commodity. We have frequently had butter booked and the space

[Mr. W. T. Marlow.]



cancelled on us when we could not get other cargo in lieu thereof, owing to the limited time between the cancellation and the sailing. There is this also to be said, that the refrigerator space in the steamships is divided up into chambers. You may have a 7,000 cubic feet chamber. Butter has to move in what is known as 25 degree temperature storage, that is below the freezing point. Now when we start to book the butter, we may only have offered us what will occupy 2,000 feet of space, and we have to set aside one of these chambers for the butter, in the hope that before the sailing, we will be able to fill up that chamber. You cannot always put other cargo with butter. You cannot put fish with it; frozen fish, which we carry also.

*By Hon. Mr. Stevens:*

Q. Could you put cheese?—A. Cheese does not require a freezing temperature.

Q. Nor bacon?—A. Nor bacon.

*By Mr. Black:*

Q. Is butter carried from Vancouver?—A. I was going on to explain this. By reason of these frequent cancellations, I do not believe the butter shippers themselves, until recently, considered the rate exorbitant, but if they do now, and wish to discuss it with us, we will be glad to give it consideration.

Perhaps it would be interesting to know that according to our information, the ocean rate percentage of the value of the goods landed in Britain is 2.9 per cent.

*By Mr. Kennedy:*

Q. What is it on bacon?—A. On bacon it is a little over 3 per cent.

*By Sir Henry Drayton:*

Q. And on cheese? And then we will have the three of them.—A. I should have said on cheese it is a little over 3 per cent. And on bacon 2.8 per cent.

Q. What basis of value did you take for butter for the purpose of that computation?—A. We took this basis of value, but we had in mind, Sir Henry, that there was this uncertainty of getting the butter to fill the chambers, and, after booking the butter, of having the space cancelled on us.

Q. But to arrive at that figure of two decimal plus, you had to know the price of the butter. What price did you adopt?

MR. FLINTOFF: The landing price.

THE WITNESS: I wish to correct the statement, that the percentage value of the bacon in ordinary stowage is 2.2. You mean the value of the goods landed, Sir Henry?

SIR HENRY DRAYTON: The value on which you make the calculation.

THE CHAIRMAN: You say you calculated a certain percentage as being the cost of carriage. How did you make your calculation.

*By Sir Henry Drayton:*

Q. What is the value on which it is calculated?—A. Cheese, 100 shillings per hundredweight, that is 112 pounds.

Bacon, 104 shillings per hundredweight. Again 112 pounds. Butter, 160 shillings per 112 pounds.

*By the Chairman:*

Q. Your bacon and cheese are practically the same.—A. Yes.

[Mr. W. T. Marlow.]

*By Mr. Symington, K.C.:*

Q. And you take the refrigeration cost and not the ordinary stowage with respect to butter?—A. In respect to butter I take the actual rate. None of it goes except in refrigerator stowage.

Q. The others you take the ordinary stowage?—A. Yes.

*By Sir Henry Drayton:*

Q. The question of stowage has nothing to do with the value of the article.  
—A. None whatever. That is a definite figure.

*By the Chairman:*

Q. Mr. Marlow, I want to get it clearly on record whether steamship companies do as a matter of fact carry in refrigeration butter from New Zealand as cheaply as they do butter from Montreal?—A. That is our information. But the movement of refrigerator cargo from New Zealand by reason of the transport through the tropics, is in fully insulated steamships. We have no such trade from Canada.

Q. You would not suggest therefore that it was cheaper to carry from New Zealand in fully insulated steamships through the tropics, than it is to carry from Montreal to Liverpool through the comparatively cool climate of the Gulf and North Atlantic, would you?—A. It might be cheaper if you take the aggregate of the ship's carryings.

*By Sir Henry Drayton:*

Q. Hold on, Mr. Marlow. That would not be so. I think I know the distinction, but let us get it clear. So far as the actual movement is concerned, it is absolutely more expensive but so far as the relation of the utilization of refrigerator space, the unit of cost to the company may be greater by reason of that incident. What I mean by that is this; it is perfectly clear that it is correct, as you say, if you have compartments of 7,000 and loading of only 2,000 you are certainly carrying at a much higher rate than if you were loaded 100 per cent. Now is your suggestion that you have not got the same conditions in the New Zealand trade? I understood that is what you meant to the Chairman.  
—A. Yes.

Q. Do they get full loadings?—A. Yes, on these high-priced commodities, such as the butter, the cheese, and the meats.

Q. From New Zealand?—A. From New Zealand.

MR. SYMINGTON, K.C.: Are you sure of that now?

MR. MONTGOMERY, K.C.: My information is that they get full cargoes from New Zealand, as distinguished from the fact that they only get them in certain seasons of the year on the North Atlantic.

The WITNESS: They employ fully insulated boats, so there must be the demand for the space.

*By Sir Henry Drayton:*

Q. I do not know that that follows, because you set aside a certain proportion.—A. That is only a small proportion of our ship that we have insulated.

SIR HENRY DRAYTON: That is the same principle.

*By the Chairman:*

Q. Does it happen often, as a matter of fact, that your refrigerator space is not taken up?—A. Oh frequently, sir, particularly in the cool months of the year.

Q. What percentage of it in the summer would not be taken up?—A. I have that all worked out for you, sir.

[Mr. W. T. Marlow.]

Sir HENRY DRAYTON: Get it from your list, it is important.

The WITNESS: I can only give you for the Canadian Pacific.

The CHAIRMAN: Yes.

*By Mr. Kennedy:*

Q. Did you give the comparison of the rate from New Zealand to the United Kingdom, with the Montreal rate, on cheese?—A. The rate on cheese, I understand, from New Zealand,—and to be fair, it all moves in refrigerated space, on account of it having to make a tropical voyage, is 180 shillings, I understand, per ton; as against 70 cents per hundred pounds from Canada.

The CHAIRMAN: I suggest, Sir Henry, that Mr. Marlow take a note of this and give us the exact figures when we have the pleasure of listening to him again.

*By Hon. Mr. Sinclair:*

Q. Do you stow butter and cheese in the same chamber?—A. Yes, sir.

Mr. SYMINGTON, K.C.: Do I understand you to say you can stow butter and cheese in the same compartment?

The CHAIRMAN: Yes, that is what Mr. Marlow said.

The WITNESS: Well, no, I beg pardon. I did say that, yes, but I would like to correct it. Cheese is never shipped in frozen space.

Sir HENRY DRAYTON: That is what I understood him to say. I did not understand him to say the contrary. He said the same thing before.

Mr. MONTGOMERY, K.C.: I do not think anyone would care to eat butter that had been shipped with cheese.

The CHAIRMAN: I think Mr. Marlow was thinking of shipments from New Zealand.

*By Mr. Symington, K.C.:*

Q. Supposing you were a little short of butter cargo in your refrigeration space, you could fill it with cheese, could you not?—A. I do not think it would be advisable to freeze the cheese. I think that might injure it; cause sweating afterwards.

Sir EUGENE Fiset: But they do from New Zealand.

*By Mr. Symington, K.C.:*

Q. They do from New Zealand, do they not?—A. No. To understand the thing correctly, with a fully insulated boat you will have part of the boat at the freezing temperature, and part of it at 35 to 40, and the different parts of the boat are set aside for the different commodities.

Sir HENRY DRAYTON: My recollection, Mr. Symington, is that railways are not supposed to freeze cheese. A good deal of a row occurs if cheese shipped by rail is frozen in transit.

*By Mr. Rinfret:*

Q. What I would like to know is this: those special ships that sail from New Zealand cost more to build than our own ships?—A. I am not an expert on that, Mr. Rinfret, but I would naturally think the cost of insulation would be additional to what would be paid for an ordinary cargo ship.

Q. Does it not strike you that that is a very important factor in fixing the freight rates?—A. Well there is so much variation in the construction of a vessel, and I do not know just what vessels they have employed in the New Zealand trade, but let us suppose, for instance, that some of them are pre-war built vessels with this insulation in; the whole vessel, with the insulation, might cost very much less than some of the cargo vessels we have employed in the Canadian trade to-day which were built since the war.

[Mr. W. T. Marlow.]



Q. But you cannot build them for that price now? I mean, those New Zealand ships could not be built for that price now?—A. No, not for the price they could before the war.

*By Hon. Mr. Sinclair:*

Q. You mentioned that butter had to be carried at 25 degrees. Is that relating to the Atlantic trade or the New Zealand trade?—A. The Atlantic trade.

*By Mr. Symington, K.C.:*

Q. I would like to refer the Committee—and I will just ask Mr. Marlow one question in connection with the New Zealand rates—to the report of the Imperial Committee in their New Zealand inquiry of 1922, Volume 2, page 673, in discussing it there, they said—and Mr. Marlow, can you verify this—“In the New Zealand trade it takes six months to make a round trip.”—A. I could not answer that. That is from New Zealand to London and return, I presume?

Q. To the United Kingdom and back. “But the cargo is collected at many different and widely distant ports.” Do you know anything about the trade out there?—A. No, I don’t. I have never been out there.

Q. If that were so it would make it more expensive for the steamship line.—A. Each port of call adds to your expense.

Q. “There are a great multiplicity of parcels and marks, and the sorting of each on discharge involves loss of time and labour.” That does not exist in our trade?—A. We have more or less of it in our trade. We may have a ship with 150 or more bills of lading, different parcels and different consignments, all of which have to be eventually sorted for delivery.

Q. Would you say there was any comparison between the New Zealand trade and our trade in that respect?—A. I know nothing whatever about the New Zealand trade in that respect.

Q. I am pointing this out to you as a justification advanced by the Shipping Committee for what was alleged to be a high level of rates between New Zealand and the United Kingdom.—A. I can only answer you, Mr. Symington, by saying that I have enough respect for the Imperial Shipping Committee to say that if that was their finding it was correct. I have no personal knowledge of it.

Q. Now then, have you any knowledge of rates on different routes other than to the United Kingdom?

The CHAIRMAN: This Committee stands adjourned until 4.30 this afternoon.

The Committee adjourned.

### AFTERNOON SESSION

The Committee resumed at 4.30 o’clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum. The Committee will please come to order. Mr. Symington, I think you were continuing the examination of Mr. Marlow?

Mr. SYMINGTON, K.C.: Yes, sir.

The CHAIRMAN: Mr. Marlow, will you kindly resume your seat, sir?

WILLIAM THOMAS MARLOW, recalled:

*By Mr. Symington, K.C.:*

Q. Mr. Marlow, at the adjournment, I was asking you if there was any relation between the rates between, say, Canada and the United Kingdom and Canada and South Africa?—A. There is no relation.

[Mr. W. T. Marlow.]

Q. They are never considered in fixing the rates?—A. They are never considered in fixing the rates to the United Kingdom.

Q. Do you know, for instance, that the rate on agricultural implements is less to South Africa than to the United Kingdom?—A. No, I do not know that but I understand the Elder Dempster Line receive some subsidy from the Canadian Government for a service to South Africa.

Q. For a freight service to South Africa?—A. For a freight service to South Africa.

Q. And the distance from Canada to South Africa is, roughly speaking, how much further than the distance to the United Kingdom?

Hon. Mr. McMURRAY: About 8,000 miles to South Africa.

Mr. DUFF: About twice as far.

The WITNESS: Well, from Montreal to Cape Town the distance is 7,108 miles.

*By Mr. Symington, K.C.:*

Q. And what is the distance from Montreal to Liverpool, say?—A. Montreal to London—

Q. London or Liverpool?—A. To Liverpool, 2,760 miles; to London, 3,241 miles.

Q. And to South Africa?—A. To Cape Town is 7,108 miles.

Q. Now, the rate on agricultural implements from Canada to the United Kingdom is how much?—A. Twenty-five cents per cubic foot.

Q. Do you know what it is to South Africa?—A. No, I do not.

Q. A good deal less, is it not?—A. I tried to find that out, but so far as I could ascertain there is some negotiation going on at present between the Government and the Elder Dempster Line regarding what the rates will be, or were to be, effective on May 1st.

Q. But, what have they been?—A. I do not know what the rates have been.

*By Mr. Duff:*

Q. Do you know what the Canadian Government Merchant Marine rate is to South Africa?—A. I may be able to get that for you.

*By the Chairman:*

Q. Mr. Duff wanted to know what the rate on the Canadian Government Merchant Marine is to South Africa?—A. I do not know. I do not understand they have a service to South Africa.

*By Mr. Stork:*

Q. You mean from Canada to South Africa, or from England to South Africa?

The CHAIRMAN: From Canada to South Africa.

*By Mr. Symington, K.C.:*

Q. I find in one of these documents that the rate to Great Britain is given at \$10 per ton?—A. That is right; that is equivalent to 25 cents per cubic foot.

Q. And to South Africa is \$7.50 per ton?—A. I have it here in a table. I did not know I had it. The rate from New York to South Africa is 35 cents per cubic foot against 25 cents per cubic foot from Montreal to London.

Q. I was asking you about the rate from Montreal—or from Canadian ports?—A. I do not know.

Q. You do not know whether the \$7.50 rate is correct or not?—A. No, I do not.

[Mr. W. T. Marlow.]

Q. You say if there is a difference between \$10 per ton from Montreal to London, 3,000 miles, and \$7.50 from Montreal to Cape Town, the longer distance, it is by virtue of a Canadian subsidy to the Elder Dempster Line?—A. I think it would be attributable to that.

Q. You would think it would be attributable to that?—A. Yes.

Q. Now, have you ever compared the rates between the United Kingdom to Canada and the United Kingdom to other countries?—A. No, I have not.

Q. Are you able to say whether there is any route any place that has as high rates as the North Atlantic routes?

The CHAIRMAN: For equal distance?

Mr. SYMINGTON, K.C.: For equal distance.

The WITNESS: I am not able to answer that.

*By Mr. Symington, K.C.:*

Q. I refer you to Exhibit 12 A, Mr. Marlow, which is the minutes of the Liner Committee's meetings for the year 1920. Have you a copy of them there?—A. No, I have not them before me.

Q. In 1920 the Wheat Board was still in existence?—A. Yes.

Q. Would this be an instance,—and I am reading from page 66—

Mr. MONTGOMERY, K.C.: What date is that?

Mr. SYMINGTON, K.C.: January 6, 1920. (Reading): "*The British Ministry January Cereal Allotment*: James Stewart, Chairman of the Wheat Board, met the various railway and steamship interests at his office in Montreal on the afternoon of January 2nd, discussing fully the questions raised by the Shipping Federation's telegram which was dispatched to him on December 30, apparently as a direct result of the protest entered by the shipping interests. It was decided to allot to the various British Steamers trading to the U.K. during the month of January, 20,000 tons of wheat." That would be distress cargo?

The WITNESS: No, it was not. That was Government controlled cargo before the de-control of export of grain from Canada, by the British Government.

*By Mr. Symington, K.C.:*

Q. Just how did that come about?—A. My recollection is that the British Government had notified the lines they must hold space in their steamers for 20,000 tons in January, and 20,000 tons of grain in February, and when the time came, we were aggrieved that the Government did not fill the space.

Q. This is for January. It was said that it was decided to allot the various British steamers trading to the United Kingdom during the month of January 20,000 tons of wheat?—A. Yes, sir.

Q. Was that before there had been any falling down in January?—A. Yes, it likely would be; I have not the facts in my mind, but I remember the circumstances.

Q. Wheat was carried at a rate which was a very high one at that time, which the Ministry and the shipping interests agreed upon?—A. That is right.

Q. And not at any distress rate?—A. No, we had nothing to do with commercial produce then.

Q. Distress rates did not prevail at that time?— (No audible answer).

Q. Then I refer you to the next meeting, the minute of which is found on page 65—

Mr. FLINTOFF: What date?

Mr. SYMINGTON, K.C.: January 13. (Reading): "Attention was called to the fact that a rate of one dollar per hundred pounds was out of accord with that on cheese, and it was suggested that it be increased to \$1.25 per hundred

[Mr. W. T. Marlow.]



pounds." That is headed "Butter." Do you have a relationship between butter and cheese?

Q. Do you have a relationship then between butter and cheese?—A. Well at that time it was thought that the rate should be, I think, 25 cents higher on butter than on cheese. I am only speaking from memory.

Q. Because at page 64, the meeting of January 20th, the subject again came up and this is the entry:—"Decided to ask Secretary Morse to docket for next monthly meeting Conference New York proposal to increase rate on butter to \$1.50 per hundred pounds United Kingdom, this being premium of 25 cents per hundred pounds over rate provided for cheese. Butter has always taken premium over cheese. Meantime Canadian Lines decided to quote \$1.50 per hundred pounds on butter, the Conference rate being a dollar." I take it then, in the Conference rates, that anybody can quote above them but not below them?—A. That is true.

Q. Has that differential between butter and cheese been maintained?—A. No.

*By the Chairman:*

Q. May I interject a question there? One of the main arguments for Conferences is that they maintain stability. Now how is that stability maintained if the members of Conference are all free to raise rates although they cannot reduce them?

Mr. SYMINGTON, K.C.: Perhaps the witness will tell you.

*By the Chairman:*

Q. What observation have you to make to that question Mr. Marlow?—A. Well, my answer to that is that we make the rates either up or down. It has already been admitted that while we listen to shippers and get their views, at the same time we fix the rates ourselves.

Q. You have not met my question, Mr. Marlow. Perhaps you did not understand it thoroughly. I will try to repeat it. I understand that one of the main arguments put forward by the steamship people in favour of Conferences is, that Conferences maintain stable rates. Now how is that true if although Conferences maintain minimum rates, any individual member of the Conference is free at any time to quote higher rates than the Conference rate?—A. Well, the power is very very seldom exercised.

Q. That is your answer.—A. May I say in answer to the question raised by Mr. Symington, that he is speaking now of a transition period, between de-control by various departments of the British Government and our going into commercial shipping practice again.

Mr. SYMINGTON, K.C.: I quite agree with you, and the items differentiate between commercial shipping and Ministry shipping.

*By Mr. Symington, K.C.:*

Q. But can you tell us how it was that this meeting on January 13, in Montreal, decided that the proper rate for butter was to be \$1.25, and the very next week they asked Secretary Morse to recommend a \$1.50 rate?—A. I can only account for that in this way; as I say; we probably expressed great dissatisfaction with the butter shippers, in getting them to fill their space—the space they had engaged on the steamers—or that the quantities that they indicated would be booked, were not booked.

Q. What struck me, Mr. Marlow, was this; here you were getting out of the war period, and you say rates were declining and in the space of a week you raised or asked the New York Conference to raise the rates from \$1 to \$1.50, or fifty per cent.—A. You realize, of course, Mr. Symington, that the Government kept down rates on cargo which they themselves purchased, below what they authorized for commercial shipments.

[Mr. W. T. Marlow.]

Q. That may be so.—A. That was one of the commodities which the Government controlled.

Q. That was the commercial rate I am speaking of now, that was in your commodity tariff. You charge \$1.50 apparently for March 5th, when Mr. Morse, or through Mr. Morse, the New York Conference fixed it in their tariff and raised it from \$1 to \$1.25 in accordance with your first recommendation, but in the meantime apparently the Canadian lines, although the tariff rate was one dollar and although the New York Conference subsequently in March fixed it at \$1.25, the Canadian lines meantime charged \$1.50?—A. I cannot recall the circumstances that were behind that action.

Q. In any event that would be the meaning of the minute that is reported in your conference, that you were going to quote \$1.50 per hundred?—A. It was apparently our idea that \$1.50 should be the correct rate for butter and we decided that that rate be established.

*By Hon. M. Stevens:*

Q. What year was that?—A. 1920.

*By Mr. Symington, K.C.:*

Q. Now I refer you to the same Exhibit, 12A, page 65, an entry with respect to lumber. Mr. D. O. Wood. He was the Canadian Government Merchant Marine?—A. He was the Canadian National Railway man who apparently had some jurisdiction over the Canadian Government Merchant Marine.

Q. "As Mr. D. O. Wood has now announced his intention of maintaining rates of \$1 per hundred pounds on hardwood and \$1.22 per hundred pounds on softwood, the Canadian lines agree on their part to re-establish the former quotations of 300 shillings per standard on pine and spruce, and 310 shillings per standard on hardwood on local deals."

Mr. DUFF: That was a pretty good rate.

Mr. SYMINGTON, K.C.: It had just been raised. That was the reason of this trouble.

"The Head Line from St. John to Irish ports dissenting, claiming that their service was non-competitive. The chairman was therefore instructed to dispatch the following telegram to Mr. Morse, Secretary, Freight Conference, New York:—

"Lumber. At meeting to-day attended by representatives of Canadian Pacific Ocean Services, Reford, Furness-Withy, White Star-Dominion Line, agreement was concluded with Canadian Government Merchant Marine to quote \$1.22, soft wood \$1 per hundred pounds hardwood with 300 shillings pine spruce 310 shillings hardwood per standard on local deals Head Line to Irish ports dissenting and claiming they were not competitive."

"And also to inform Mr. Wood of the result of to-day's meeting as follows:—

"Referring to your wire to Coates of to-day's date, your understanding correct lumber deals restored to position prior to date deal rate declared open."

*By Mr. Symington, K.C.:*

Q. That meant, did it not, Mr. Marlow, that the deal rate had been declared open, that the Canadian Committee fixed a higher rate than had existed, that Mr. Wood insisted upon these other rates, with the result that the Conference lowered—that is the Canadian Liner Committee lowered—to re-establish their former quotation, but the Head Line refused to accept a lower quotation; that was the effect?—A. That appears to be the effect.

[Mr. W. T. Marlow.]



Q. Was that a breach of the Conference agreement, that the Head Line, running in a non-competitive area, where there were no tramps, say, to Ireland, could still extract or charge a rate higher than the Conference rate to Ireland?—A. Well, as I have previously explained, any line, so far as that is concerned, can inform the Conference that it can make any rate, and apparently in that case, the Head Line notified us that they they would not agree to that rate.

Q. Would not agree to the reduced rate?—A. Whatever the rate was.

Q. So that the Canadian deals to Ireland in that case would be on a higher basis than Canadian deals to other ports?—A. I am unaware of that. They did not tell us what their rate would be.

Q. Well, what I have said was that they objected to the reduction.—A. They may have wanted to make a lower rate than the rate mentioned there of 300 shillings.

Q. Why? Because it was non-competitive?—A. No. Because they might have had a shortage of cargo and wanted to fill up with deals.

Q. They were dissenting to the reduction, claiming that they were non-competitive. Do you suggest that they wanted a bigger reduction?—A. I have known them to be in that position, that they would not agree to our deal rate.

Q. Because there was no competition?—A. They mean no liner competition to Irish ports. There is plenty of tramp competition to Irish ports.

Q. What are you suggesting then?—A. That the Head Line did not want to agree to the rates named on deals.

Q. Remember, to the reduced rates named on deals.—A. Well, I said to the rates named.

Q. But it is reduced rates.—A. I am not clear about that in my mind. I have not the thing before me.

Q. I will be glad to put it before you, Mr. Marlow. I will give you the minutes themselves.

Q. I mean, I would like to see the rate before and the rate after and see that it was reduced.

Q. You will find that on page 65. Can you read it?—A. Yes, I can read it all right, thank you. That was the restoration of an established rate on deals from open rates, when anyone might have quoted anything. Not necessarily a reduction.

Q. Which open rate, I judge, was higher because of the objection to this re-establishment of what was apparently a standard rate, to meet Mr. Wood's rate?—A. I would say that the rate had been made open to meet Mr. Wood's rate, and that this minute records a re-establishment of a fixed rate.

Q. In accordance with the rate fixed by Mr. Wood?—A. No, you said his rate was \$1.22 and \$1 per hundred pounds. Whereas the rates that were re-established were the standard rates.

Q. Yes, well, what is the difference in amount?—A. Oh there might be a great difference.

Q. It reads, "As Mr. Wood has now announced his intention of maintaining rates" therefore you re-established the former quotation of 300 shillings per standard?—A. I would gather from that, that Mr. Wood had broken away from the agreed rate and he caused the rate to be made open. Mr. Wood agreed to come back again and we re-established the fixed rates. That is perfectly logical.

*By the Chairman:*

Q. In coming back, did Mr. Wood have to climb up or climb down?—A. I cannot say at this date, because that all depends, Mr. Chairman, on what the rates were when it was open to any line to quote what it pleased.

Q. Mr. Marlow, if you will listen to the Minute it seems to me it does not bear that construction as Mr. Wood has now announced his intention of main-

[Mr. W. T. Marlow.]



taining the rate of \$1 per hundred pounds on hardwood and \$1.22 on soft wood. The Canadian lines agreed on their part to re-establish the former quotations?—A. Does it say to re-establish the former quotation?

Q. Yes.—A. That, we were restoring the rate that had been in effect fixed before the opening.

Q. You were re-establishing it on a basis, I presume, similar to Mr. Wood's announced or maintained rate.—A. No. I would think that what happened was that probably Mr. Wood was carrying Ontario lumber from the Western states at \$1 for hardwood and \$1.22 for soft-wood, which were apparently the Conference rates, that he had broken those rates, that when he assented to a restoration of those Conference rates we restored in consequence the deal rate.

The CHAIRMAN: I would suggest, Mr. Symington, that we give the witness a moment to look at his own file and he may be able to give us exactly what happened.

Hon. Mr. SINCLAIR: Who was Mr. Wood?

The CHAIRMAN: Mr. Wood was the railway man in this part of the C. N. R.

Mr. FLINTOFT: He was on the Canadian National Foreign Committee.

The WITNESS: What is the date you are quoting from Mr. Symington?

Mr. SYMINGTON, K.C.: Well, the reporter has taken my quotations now.

Mr. MONTGOMERY, K.C.: The last you quoted from, was January 13th.

Mr. SYMINGTON, K.C.: January 13th.

Hon. Mr. SINCLAIR: What year?

Mr. SYMINGTON, K.C.: 1920.

The WITNESS: I think, after reading this, the explanation I have given is quite correct.

*By Mr. Symington, K.C.:*

Q. After reading it?—A. After reading my own file.

Q. He had broken away but came back, is that it?—A. That is right.

*By Mr. Montgomery, K.C.:*

Q. What about the Head line?—A. This is subsequently. The Head line reduced the rate. Here is a Minute in a subsequent meeting, dated February 10, 1920, which says: "The Head Line representative stated his principals were of opinion rates should be open and indicated 250s as their idea of what the rates should be."

Q. I see.

*By the Chairman:*

Q. Have I got the situation right if I sum it up as follows?

Mr. FLINTOFT: I think if Mr. Marlow reads later he will see he closed it up. They came back.

The WITNESS: Here is a memorandum on my file dated February 11th, the day after: "Representative of the Head Line reports that after consultation with his principals they have decided to maintain rates of 300s on softwood and 310s on hardwood deals from Montreal and Quebec and have withdrawn all quotations on a lower basis."

*By Mr. Symington, K.C.:*

Q. They came back in too?—A. Yes.

[Mr. W. T. Marlow.]

*By Hon. Mr. Sinclair:*

Q. Why would they do that, Mr. Marlow, when they thought 250s was sufficient? Why would they come back? What was the prompting reason?—

A. The reason was that on appeal to their principals in Ireland—they are only agents here—they thought, with the other Liner members, that the rate should be 300s on softwood and 310s on hardwood.

Sir EUGENE Fiset: You were right, Mr. Chairman. The restoration was upwards.

The CHAIRMAN: Yes. That is quite clear to all the gentlemen, I think.

Mr. SYMINGTON, K.C.: At page 60 of the Minutes—

Mr. FLINTOFF: The original restoration went upward.

The CHAIRMAN: May I state what my understanding of the episode is and Mr. Marlow will correct me if I am wrong; There was at one time, a rate on lumber, to which all the Conference Lines agreed; then Mr. Wood, as representing the Canadian Government Merchant Marine quoted a lower rate.

Mr. MONTGOMERY, K.C.: A higher rate.

The CHAIRMAN: No. A lower rate. Then on representations made by the other lines he announced his determination of restoring the former rate and all Lines agreed that the former rate should be restored by all of them, they meanwhile having followed in the downward course, Mr. Wood's action. At one moment, the Head Line said that they thought 250s as a standard rate would be satisfactory. On referring the matter to their principals in Ireland word came back that they should request 300s as the standard rate, the same as the other Conference Lines, and the rate was restored by all at the previous level.

The WITNESS: I think they said they should maintain.

*By the Chairman:*

Q. Is my summing up of the situation correct?—A. I did not follow it.

Q. I will put the question again.—A. Perhaps we had better have the reporter read it.

(Statement of the Chairman as above having been read to the Witness).

A. That is substantially correct.

*By Mr. Symington, K.C.:*

Q. We have got that. Turn to page 60, Mr. Marlow, of this Meeting of February 7th.

*"Grain Rates:* The lines present agreed to maintain a rate of 40 cents per 100 pounds on rye, corn, barley and wheat when the latter is released, with 50 cents per 100 pounds on oats, with the exception of McLean, Kennedy & Co'y who stated that they would have to cable their principals but would recommend their adopting these rates."

There the Conference was getting ready for a de-control and they agreed to maintain a rate of 40 cents on wheat and they wired to Mr. Morse; reading also with respect to deals.

"In regard to the rate on deals it was pointed out that the business from the Province of Quebec, Nova Scotia and New Brunswick has always been done on a standard basis and to make a change at this time would cause an influx of tramps which would take a large amount of business away from the liners, and it was decided to send the following telegram."

The Canadian members were wanting to keep the tramps out of the trade?—A. The Canadian lines wanted to explain to their fellow members in the

[Mr. W. T. Marlow.]

United States why they had to quote rates in sterling or per standard as against rates in cents per 100 pounds, because the tramps always quote sterling per standard.

Q. To do otherwise would cause an influx of tramps?—A. Yes.

Q. I am asking that so you may be clear in your answer. I am asking, does not the existence of the Conference keep tramps out?—A. I do not think so.

Q. They try to, do they not?—A. I think you have to take into consideration the circumstances.

Q. You can answer that. They try to keep them out. They direct their policy towards that purpose?—A. We try to make a rate that will compete with the tramp.

Q. Following this a wire was instructed to be sent to Mr. Morse, as follows:—

"FEBRUARY 7th, 1920.

"S. E. MORSE,  
59 Pearl Street,  
New York, N.Y.

"Montreal Lines including Canadian Government Merchant Marine have agreed to minimum of forty cents heavy grain fifty cents oats commercial shipments Head Line have had to cable their principals for necessary authority but have wired approving of suggestion. Regarding deals Lines consider this is essentially a Canadian trade which has always been sold by the standard and freight rates quoted accordingly and if Liners did not carry deals on Standard basis it would encourage a large number of tramps for full cargoes which would be most undesirable Standard rates can only be quoted from Montreal, Quebec and Maritime ports, viz. three hundred shillings softwood three hundred shillings hardwood as already arranged. Please advise Lines.  
(Signed)" W. A. COATES."

The purpose of the wire was, you say, to get New York's approval, first, to a forty cent wheat rate or grain rate?—A. Yes, that is right.

Q. And the second purpose was to explain and have explained to them why there should be a standard rate on deals from Canada?—A. To meet tramp competition.

Q. Apparently the New York Conference gave their approval?—A. They gave their approval. That would probably be the first time we had a meeting since the war. That explains the necessity of making sterling standard rates in the St. Lawrence on lumber as opposed to the practice from North Atlantic U.S. ports of quoting rates on lumber in cents per 100 pounds.

Q. Was the object in sending the grain rate also that Mr. Morse might secure a consent to a similar rate from the Southern Conferences and from the Shipping Board?—A. I believe you are speaking of 1920.

Q. Yes.—A. February 1920.

Q. Yes.—A. There was no relationship at that time with the Southern Conferences.

Q. Turn to page 59.

"*Grain-Commercial*: Question dealt with in Minutes of Meetings, February 6-7, minimum rates grain reviewed. Head Line reported had not received concurrence agreement from their principals.

Attention was called to circular from Secretary Morse, New York, February 9th to the effect that the I. M. M. Company had advised that New Orleans and Galveston interests were in favour and ready to consummate an agreement fixing minimum rates grain 40 cents and 50 cents. Shipping Board still to be heard from. Meantime understood all Canadian lines, including the Canadian Government Merchant Marine, would maintain minimums mentioned Commercial Bookings."

[Mr. W. T. Marlow.]



In other words, Secretary Morse, was endeavouring to tie up all Atlantic Coast trade, in so far as possible, including the Shipping Board at a 40 cents wheat rate and a 50 cent light grain rate. That would be correct?—A. No. I do not think Secretary Morse was trying to tie up all lines to a rate.

Q. Why that wire?—A. I think the idea was to have the same rate from Canadian ports as from the Gulf, at that time, on grain.

Q. Is that why Secretary Morse was doing that?—A. Secretary Morse was probably the best man to do that.

Q. Did the initiation come from you or from them?—A. It is evident from this minute that a communication was received from the I. M. M. Company and passed by Secretary Morse, as a convenient way to convey it to us.

Q. Secretary Morse issued a circular to the effect that the I. M. M. Company had advised him that the Southern interests were in favour of that rate but the Shipping Board, not advised by the I. M. M., I take it the Shipping Board was still to be heard from? There was a concerted effort to fix that rate all along the Atlantic coast.—A. That may be the inference from that minute; I am not certain of it at the time.

The CHAIRMAN: I would like you to ask the witness whether there is any other possible inference from that minute.

Mr. SYMINGTON, K.C.: Very well, Mr. Chairman, I will ask that question.

*By Mr. Symington, K.C.:*

Q. You have heard what the Chairman has said. Is there any other possible inference to be drawn from that minute, Mr. Marlow?—A. Well, you are taking me back over five years, and I am sure my memory is not as bright as that, to tell you what the circumstances or the conditions were at that time.

*By the Chairman:*

Q. In other words, there is no other possible inference which suggests itself to you at the present time, although it may be that there was something when the transaction took place?—A. It appears to me that they were then anxious to have the same rates out of the Gulf as out of the other Northern ports, and I suppose the inference is that they were separated from us at that time.

*By Mr. Symington, K.C.:*

Q. Looking at that same entry—and this is in connection with your English connections, we see “GRAIN—GOVERNMENT” as opposed to “GRAIN—COMMERCIAL”.

“Decided to communicate following cablegram to the Secretary of the London and Liverpool Eastbound Freight Association.”

From that, do these Conferences maintain Secretaries on the other side as well?—A. Yes.

Q. That is, the Atlantic U.K. Conference maintains Secretaries on the other side?—A. They do.

Q. The London and Liverpool Eastbound Freight Association. The wire cable was this:

“Wheat Export Commission insist our carrying Government wheat eight shillings declining accept Bills Lading higher basis. Lines consider they should receive Government requisition rate ten shillings per quarter, certainly not less than eight shillings sixpence paid from New York Boston.

Please take up with Ministry and cable result.” Is that the method by which the rates on Government commodities throughout were fixed?—A. No, that is not the method. What happened in that case was this; the British Gov-

[Mr. W. T. Marlow.]

ernment notified the Lines that they would require certain space in January and February, if I remember correctly, and the rate as set by them was agreed to by them with the Lines' representatives in England, ten shillings per quarter. When it came to the time, the Wheat Export Company as Agents of the British Government on this side defaulted on furnishing the grain to the Lines, and wanted us to take it from them at a reduced rate of eight shillings per quarter, which we considered a breach of the agreement made.

Q. That is, Mr. Stewart on this side?—A. Mr. Stewart on this side, who was the expert of the Wheat Export Company.

Mr. MONTGOMERY, K.C.: From December 30, 1919, I think you will find some correspondence on the file. I notice a letter here to Mr. Johnston, the Deputy Minister, and to others. It is on that same file, under date December 30, 1919.

WITNESS: Did you say December 30, 1919, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Perhaps I can give it to you. I am sorry, I thought I could have turned to it.

The CHAIRMAN: That is all right; he has a mass of documents, and it is not always easy to turn to just what you want.

Mr. MONTGOMERY, K.C.: There are three letters of protest about the failure to deliver that cargo. One is addressed to Mr. Ballantyne, one to Mr. Foster, the other to Mr. Johnston. They were right near the place you were at.

WITNESS: Mr. Symington, I would like to call your attention and the Committee's attention to a letter which the Lines wrote through Mr. Thomas Robb, Manager and Secretary of the Shipping Federation to the then Minister of Trade and Commerce, Ottawa, in these terms:

"I have the honour by direction to quote copy of telegram which was sent by the respective shipping interests to-day to the Chairman of the Canadian Wheat Board, Winnipeg."

'At meeting representatives established Steamship Lines here resolution passed strongly protesting against serious position in which placed in respect of cereal cargoes for January owing to action Canadian Wheat Board in refusing deliveries of grain after December 31. Through Ministry of Shipping British Government indented on liners December fifteen for space fifty thousand tons wheat January only definitely advised December twenty-four wheat not available when too late lines provide substitute cargo. The lines urge their position as factor in maintenance and development Canada's export trade demands consideration and their interests should not be sacrificed to tramp vessels. Request that sufficient cereals at least be allotted fill space vessels sailing early January originally scheduled to arrive December but deferred owing to stress of weather. This also affects Canadian Government vessels.'

"The importance of the matter necessitates a request from the interests concerned for your good offices and influence.

I have the honour to be, Sir,

Your obedient servant,

Thomas Robb.

A copy of this wire has also been sent to the Minister of Marine and Fisheries and to his Deputy."

By Mr. Symington, K.C.:

Q. I do not want to delay on these things at this time. The rate you thought you should get was ten shillings?—A. Which was the rate promised us.

[Mr. W. T. Marlow.]

Q. And the New York rate was eight shillings sixpence?—A. That was the rate which the Government itself made at that time for British Government cargo between the St. Lawrence and Northern Range ports.

Q. That is, the Canadian rate was ten shillings and the New York rate eight shillings and six pence?—A. That is what they agreed to pay the Liners trading in the St. Lawrence as against the Liners trading in the Range—eight shillings and sixpence.

Q. That rate being agreed to after mutual negotiations?—A. That was the rate agreed to after mutual negotiations in England, the apparent reason being a desire on the part of the British Government at that time to recognize the insurance disability of the British owner trading in the St. Lawrence, the higher premium he would have to pay for hull insurance.

*By Sir Eugene Fiset:*

Q. How much later were the ships absolutely released?—A. They were released very peremptorily, sir, in February, 1920.

Q. Just one month after?—A. Just one month after that.

*By Mr. Symington, K.C.:*

Q. Eventually you got the Government to make some request to Mr. Stewart, which he refused?—A. That is right.

*By Hon. Mr. Stevens:*

Q. On the contract for space between the British Government and the ship owners, the shipping lines?—A. Yes, it was, partially, and partially under their power of requisition.

*By the Chairman:*

Q. Did these rates given you by the British Government during the war, or subsequent thereto before de-control took place, show you a fair margin of profit?—A. During the war?

Q. During the war, and up to de-control?—A. During the war, as I understand it, any profits there may have been went to the Government.

*By Mr. Symington, K.C.:*

Q. Did the profits go to the Government?—A. I understand so.

Q. So that they were producing rates?—A. Yes.

Q. One of the purposes here was, to get as much as possible?—A. Well,—

Hon. Mr. STEVENS: I suppose they had fairly good-sized cargoes also?

Mr. SYMINGTON, K.C.: I suppose so.

Mr. MONTGOMERY, K.C.: Was it a hard luck story to the Lines?

Mr. SYMINGTON, K.C.: Well, the Committee can draw their own inference about it.

*By Mr. Symington, K.C.:*

Q. I will just run hurriedly through this. On February 24, at page 57, it is stated that a general discussion took place, and in order thoroughly to define their position the Lines agreed to advance present quotation on heavy from 40 to 50 cents, and on light grain to 50 and 55 cents respectively, to govern to the conclusion of navigation.

If you go on to the next meeting, March the 2nd, at page 55, you will see that that was again confirmed?—A. Yes.

Q. At the next meeting, March 9, it was lowered again to 40 cents?—A. What is the number of that?

Q. Fifty-four?—A. Yes.

[Mr. W. T. Marlow.]



Q. And again, on the 27th of April, at page 43, it was decided to make the minimum rate on barley and heavy grain 45 cents?—A. That is right.

Q. And as no business had been done on oats, which was the 50-cent rate, it was agreed that this rate should stand in the meantime. What was the cause, or can you give us any reason for that fluctuation, first up and then down, within those three weeks?—A. I can only ascribe it, without any actual fact in my mind, to the upward and downward demand.

*By the Chairman:*

Q. The demand for space?—A. The demand for space.

*By Mr. Symington, K.C.:*

Q. What strikes me is that on April 27—see if my reasoning is correct—you again raised it five cents on wheat but did not change the oat rate, because no business was offered. You did not raise the oat rate, nothing was offered, but you raised the wheat rate?—A. I do not suppose there were any oats moving at the time.

Q. Probably not, but it is not usual that as soon as traffic offered you raised it from 40 to 45 cents?—A. But if there was more moving than we could easily accommodate at the time, we could get an increased rate on it.

Q. In other words, what the traffic will bear?—A. That is one of the factors.

*By Sir Eugene Fiset:*

Q. They had just been released from government control, and you had to establish new rates, is that not so? I think I understand it.

The CHAIRMAN: Has the witness understood the question? Has he any observation to make in respect thereto?

The WITNESS: The idea was that the circumstances were exceptional at the time; it was a period of transition from control to de-control.

*By Mr. Symington, K.C.:*

Q. Then at page 56, February 27, "Cheese". The Chairman explained, I am not going to read this through, but you can follow it to see that I give the right sense of it, that the individual lines had received a request from the Canadian Cheese Export Committee, and the Conference decided that the lines would reply individually to the letter, intimating that the space for cheese had been released, and that no reduction in the rate should be made. On March 2, at page 55, everybody reported that they had individually written to this committee and agreed to hold firm for the \$1.25 per 100 pounds.—A. What point do you want to make there, about the individual writing?

Q. Yes.—A. You will notice that the letter was individually addressed, too.

Q. That was the policy adopted there, was it not?—A. No.

Q. Later?—A. No.

Q. Did the Canadian Liner Committee ever address a letter to any shipper or any aggregation of shippers?—A. No, I do not think they have ever addressed a letter.

Q. They have always taken the position that the individual lines should notify?—A. Or that we should meet and discuss it with the shipper.

Q. In any event, from March 2 you apparently fixed or agreed to hold firm for a rate of \$1.25 per 100 lbs., on cheese.—A. That is right.

Sir EUGENE Fiset: Which was the same rate that you had during the war. I have been much interested to know how the release of control was executed.

[Mr. W. T. Marlow.]

The CHAIRMAN: Mr. Marlow, you are going to try and answer the General's question as to whether the rate quoted then was the same as the rate during the war.

Sir EUGENE Fiset: It is very important, because it shows what happened when the ships were released.

The WITNESS: Unfortunately, under the heading of 1919 it was government control; it shows government control, so I do not know what the rate was.

*By the Chairman:*

Q. You do not remember?—A. I do not remember what the rate was.

*By Mr. Symington, K.C.:*

Q. Then we will turn to page 54, March 9. You received a notification from New York that the rate on bacon, hams and lard had been reduced to 75 cents a hundred?—A. Yes, that is right.

Q. But the cheese and butter and so on was not reduced?—A. That is right.

Q. Then on March 15, at page 53: there seems at this time, if you look at that, Mr. Marlow, to have been an agitation or at any rate an attempt made to fix commercial rates, and apparently some Canadian members left for New York but were held up by the snow. You remember that, probably?—A. Yes, I do.

Q. So you wired:

"Consider no further reductions should be made on flour, meats, cheese or butter and all rates applicable equally government or commercial cargo".

Then you set forth certain other rates that apparently had been fixed by the Conference, or you made certain suggestions?—A. Suggestions, yes.

Q. To conform with changes made at the last meeting?—A. Which I think were reductions.

Q. You think they were reductions?—A. Yes.

Q. "Canned Fruits and Vegetables, 85", and so on.—A. Yes. My recollection is that those were reductions.

The CHAIRMAN: Will I be meeting the views of the Committee if I adjourn until to-morrow afternoon at 3.00 o'clock?

Motion agreed to.

The witness retired.

The Committee adjourned until Thursday, April 30th, 1925, at 3 o'clock p.m.

## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

COMMITTEE ROOM No. 276,

THURSDAY, April 30, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3 p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: We have our quorum, and the Committee will come to order. I do not think that Mr. Marlow was quite finished.

W. T. MARLOW recalled.

*By Mr. Symington, K.C.:*

Q. Mr. Marlow, in connection with your suggestion about the rates with the continent being lower because of a German endeavour to put British shipping out of being, how long has that been going on?—A. I referred more particularly to the Westbound situation. It has been going on for the last two or three years.

Q. I notice that your remarks have been discussed in Washington and that Mr. O'Connor, Chairman of the Shipping Board says it is new to him?—A. I saw the item in the paper this morning.

Q. It appears you know more about that than he does?—A. I do not know what he has in his mind. My remark, as I remember it was that there was something approaching a rate war in that situation.

Q. Caused by the desire of the Germans to put British shipping out of being?—A. That is my idea, I expressed it as my opinion.

Q. Purely an opinion. Now, how do the rates on the Summer routes to Halifax and St. John compare with the rates to Montreal?—A. Are you speaking of the ocean rates?

Q. Yes, Westbound?—A. I am not familiar with that. We have no service to Halifax and St. John in the Summer season.

Q. Do you not know whether the rates to Halifax or St. John are more or less?—A. I am inclined to think they are the same as to Montreal.

Q. There are boats running there?—A. There are boats running there.

Q. I am instructed that, with respect to the same cargo quoted from England, on some commodities quoted from England, the price to a Halifax and St. John dealer is more than the quotation to Montreal?—A. I am not aware of that.

Mr. SYMINGTON, K.C.: Will the C.P.R. have anybody here to tell us something about the Westbound rates?

Mr. MONTGOMERY, K.C.: In the beginning of the week.

Mr. SYMINGTON, K.C.: We will deal with that later then.

*By Mr. Symington, K.C.:*

Q. Now, in connection with what we were dealing with at the adjournment, I am going, with the permission of the Committee, to read a few entries from those minutes and ask Mr. Marlow if he has any comment to make upon them. Exhibit 12-A, dated 22nd June, page 36—A. June 22nd, 1920.



Q. Yes (Reads).

"It was also noted that certain inquiry had arisen for Government wheat after August 31st and after discussion it was decided that the Committee would be guided by New York action in the matter. It being pointed out that a differential of 1/ per quarter must obtain between the Montreal and New York rates."

Have you any explanation or anything to say about that?—A. Not without reference to the minutes.

Q. I can give you the minutes if you want them. There are two points to which I direct your attention, first, that on those rates you would be guided by the action of New York; and secondly, the maintenance of the differential in favour of grain rates from Montreal, that is a higher rate from Montreal than from New York. Was that the policy at that time?—A. I believe that at the time we thought we ought to get 1/ higher from Montreal than the rate from New York.

Q. You pretty consistently maintained that position?—A. Do you mean previously?

Q. No, later?—A. No, we have not.

Q. You maintained it for some time, did you not?—A. I don't remember that.

Q. Then we will deal with that later. On October 26th page 13—Nickel is a matter essentially Canadian, is it not, or very largely?—A. It is.

Q. You will find an entry there

"*Nickel Matte* Chairman was instructed to write to Mr. Sydney E. Morse, Secretary, the North Atlantic U.K. Freight Conference, requesting that rate on Nickel Matte be made \$13.00 per gross ton, the same rate as on Copper Matte, in view of competition having been withdrawn."

Have you anything to say about that?—A. The only thing I can say about that is that there probably was a reduction brought about through some competition at the time, and that we restored the rate when the competition was removed. Are you referring to the minutes of October 5th?

Q. October 26th—the first item. You have nothing you want to say about that?—A. Nothing to add to what I previously said.

Q. Then I refer you to the minutes of November 30th, at page 8. "Apples":

"A telegram was submitted from Sir R. L. Borden addressed to the Canadian Government Merchant Marine stating Nova Scotia Shippers Association have chartered six steamers to carry 75,000 barrels apples to United Kingdom and have offers of six more steamers but are willing to utilize the regular liners on equal terms and asked the regular lines to give matter all such consideration as may be possible.

"It was decided to take this question up at the Conference meeting in New York on December 2nd."

That is, the Premier wrote with respect to rates on Nova Scotia apples—A. Wrote to the Canadian Government Merchant Marine.

Q. Who referred it to your Committee, and you decided to take the matter up at the Conference meeting in New York?—A. The Canadian Government Merchant Marine, it will be noted, joined with us in that decision.

Q. Quite so; then, on December 14th, at page 5—A. May I make a remark with regard to that?

Q. Yes?—A. It will be noted that the date is November 30th, and the meeting was to be held on December 2nd in New York. That would be but a few days subsequent, and would perhaps be the most convenient day for all of us to be together to-day. There does not seem to be anything extraordinary about that.

*By the Chairman:*

Q. It does not strike you as extraordinary, Mr. Marlow, that the Premier of this country should make a request to the government boats, and the government boats should refer that request to an Association which was going to meet in another country?—A. That would not strike me at all, Mr. Chairman. What strikes me as remarkable about it, is that the Canadian Government Merchant Marine did not make the rate requested by the Premier.

*By Mr. Symington, K.C.:*

Q. Then, turning to the next meeting, at page 6, "Apples":—A. Excuse me. I have not got the minutes noted as you have.

Q. It was the very next meeting—December 7th.

Hon. Mr. STEVENS: What year?

Mr. SYMINGTON, K.C.: 1920. "APPLES":

"It was noted that no action had been taken by the New York Conference when dealing with the proposition to meet the tramp competition of \$2 per barrel from Halifax; the rate, therefore, remains at \$2.50 per barrel"

That, apparently, was the New York decision?—A. It was the decision of all the lines.

Hon. Mr. STEVENS: I did not quite get that. Did they change the rate?

The WITNESS: They maintained the rate.

Hon. Mr. McMURRAY: What was that minute again? I did not get it.

Mr. SYMINGTON, K.C.: (Reading.)

"It was noted that no action had been taken by the New York Conference when dealing with the proposition to meet the tramp competition of \$2 per barrel from Halifax; the rate, therefore, remains at \$2.50 per barrel."

Mr. DUFF: And we lost the business.

Mr. SYMINGTON, K.C.: They subsequently got some of it—

Mr. DUFF: Not very much.

Mr. SYMINGTON, K.C.: —because they did come down later.

*By Mr. Symington, K.C.:*

Q. Then, on December 14th, the next meeting—at page 5:

"Apple Rates: The question as to when the \$2 rate would be effective was left to the lines for individual action.

"Mr. Nicoll reported that the S.S. 'Susquehana,' 'Canadian Beaver,' and 'Maerzak' had been chartered for loading between the 20th and 25th of December from Halifax and there were 137,000 barrels to be lifted by tramps prior to January 10th, and the prospects for their 'Manchester Corporation' and 'Castellano' were very doubtful."

And at the next meeting—A. Before we pass that, Mr. Symington, does that not show we were trading with the shippers? Apparently the Canadian Government Merchant Marine offered their own steamers for full cargo, the same as the tramps, and the rate came down from \$2.50 to \$2, and then, when they were offered the \$2 rate, they wanted \$1.75 or \$1.50; so it got to be a trading proposition. I might explain further that every year there are a certain number of small steamers, I think, the Scandinavians, which are employed in the West Indian trade and have to return to England for overhauling, and they are willing to take cargoes of apples or any other cargoes they can get, to save them going home empty.

[Mr. W. T. Marlow.]

Mr. DUFF: No, you are wrong. These Norwegian boats come over especially for the business.

The WITNESS: At this time, Mr. Duff?

Mr. DUFF: Yes, I remember the transaction distinctly; they were Norwegian steamers.

*By Mr. Symington, K.C.:*

Q. Now, passing to page 4, we will finish the entries with respect to this. The next meeting was of December 22nd:

"In view special meeting held yesterday afternoon when it was decided to maintain rate of \$2 per barrel against outside full cargo steamers at \$1.75 and \$1.50, no further action was deemed advisable."

That was the result, was it not, Mr. Marlow, of the Premier's representations with respect to Nova Scotia apples?—A. I do not care to answer that in that way. That seems to be the answer as to what was done in respect to the apple rate at that time.

Mr. MONTGOMERY, K.C.: I think we could save the time of the Committee and of my learned friend, if we make that clear—and I thought it was clear after the two weeks we have been on this inquiry. Whether the Committee approve or disapprove, it is abundantly evident that the trans-Atlantic traffic is divided on geographical and not on flag lines. It is not pretended that we have flag discrimination here. There are no boundaries on the ocean, and there is certain territory behind it which is common to a certain ocean route, and that it is dealt with on a common basis. Whether you think that is wise or unwise is another question, but the question of fact is abundantly established that that is the basis upon which the matter is drawn. Whether these Conferences meet in Montreal or New York—and they at times meet in one place and the other—that is the system which has been in vogue for many years, and is still in vogue, and we do not need to take up very much time proving that. It is common ground.

The CHAIRMAN: I do not think, Mr. Montgomery, that Mr. Symington's efforts are directed to that feature of the case; I think, rather, it is to bring evidence before the Committee tending to show that perhaps this arrangement of rates is not as beneficent to the Canadian people and the Canadian shippers as the lines would have us believe.

Mr. MONTGOMERY, K.C.: I do not wish to argue that point now. There will be time enough for that later on. My learned friend is only taking certain selections from the minutes, and the task devolves upon us to go through these minutes and select that which shows to the contrary. Your remarks, Mr. Chairman, and the questions of my learned friend all suggest that perhaps it is deemed to be a part of this inquiry that it shall be necessary to prove that rates applicable to the trades from Canada are made at Conferences which are more frequently than not held in New York. That is common ground between us to-day.

Mr. SYMINGTON, K.C.: That is not the question at all.

The CHAIRMAN: I do not think it makes any difference whether the Conferences are held in Hospital street Montreal or Wall Street in New York.

Mr. MONTGOMERY, K.C.: The remarks made from time to time would indicate to the contrary. We will be prepared to discuss these rates, and hope to satisfy you upon them. I would not think it was necessary to spend so much time upon the other feature, because it is frankly admitted.

[Mr. W. T. Marlow.]



*By Mr. Symington, K.C.:*

Q. Now, Mr. Marlow, turning to Exhibit 12 B,—that is 1921—dated January 18th, at page 159, “flour”.

“The Head Line submitted telegrams exchanged with Mr. Morse advising that they intended to meet the rate of 30 cents of Moore & McCormack on flour for Belfast and Dublin. The other lines decided to meet New York’s request and maintain the present rate of 45 cents until further notice”.

Have you any comment to make on that?—A. Yes. That relates to competition to Irish ports between the Head Line from Canadian ports—who also operate services from New York—and Moore & McCormack from Boston.

Q. So it indicates two things; first, because there was competition on flour, the rate dropped from 45 cents to 30 cents to meet the competition?—A. It does in that particular case.

Q. And then, secondly, that the lines decided to meet New York’s request and maintain the present rate of 45 cents until further notice?—A. That was to other ports.

Q. To United Kingdom ports?—A. Quite so.

Mr. FLINTOFF: Is that a different exhibit number, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes, 12B. Then, Colonel Gear told us they had nothing to do with cattle. I quote from Exhibit 12B, as of May 31st, at page 126:

“All lines agree to quote 23 cents per head on cattle and three cents per head on sheep to cover wharfage on livestock and feed; also Shipping Masters’ fees. If wharfage paid by railway lines to only collect 13 cents per head on cattle and two cents per head on sheep”.

What is your explanation of that, Mr. Marlow?—A. The explanation of that is that in Montreal there are certain incidental charges in bringing the cattle from the yards outside the harbour limits to the wharf. They have to be loaded into cars; they have to be taken out of the cars; they have to be tied, and there are certain fees paid to the Shipping Master and to the other harbour authorities in Montreal. In order that they would not have—

*By Mr. Duff:*

Q. Cattle do not go on the Articles, do they?—A. No.

Q. Then why pay the Shipping Master?

Mr. SYMINGTON, K.C.: It is called “wharfage”.

The WITNESS: I do not know why those charges are imposed; they are imposed on the shipping.

Mr. DUFF: The Shipping Master gets paid for the signing of the crew?

Mr. SYMINGTON, K.C.: And I do not see why it should be “wharfage”, when it is a railway haul.

Mr. MONTGOMERY, K.C.: I may inform you that I am told it is for the signing of the cattle men, Mr. Duff.

*By Mr. Symington, K.C.:*

Q. The point that bothered me, Mr. Marlow, was why they charged an individual 23 cents per head, and agreed to do it, but if the railway lines paid it, it was only 13 cents per head.—A. The idea was to relieve the shipper, as I stated, of certain incidental expenses that he would be put to. The reference to the railway paying it and thus reducing the charge is that if the steamship lines did not pay and assuming that the railways did, their charge would

[Mr. W. T. Marlow.]

naturally be less and the whole thing amounts to this, that they have taken a lot of annoying incidental charges and put them into a block charge and so facilitated matters for the shipper. If the shipper desires he can attend to all these affairs himself. The probability is that the smaller shipper will pay more than the larger.

Q. You do not say that you are collecting these for the railway. You said something of having to haul them in cars from the yards over to the wharves.

*By Hon. Mr. Stevens:*

Q. Would you pay the switching charge, for instance?—A. No. This is not the wharfage they have referred to. The system of wharfage in Montreal, if the Harbour authorities—I understand it is collected by the Harbour authorities of Montreal and the railway pay it for anything that moves on the railway and as the cattle came down from the yards just this side of Montreal they arrive at the steamship shed and the Harbour authorities say “you owe us so much.”

*By Mr. Symington, K.C.:*

Q. I ask why is it in the Minutes that you would get 23 cents from the shipper and only 13 cents from the railway if it is paid by the railway?—A. You are overlooking the other items. You are overlooking the shipping master's fee. That is part of the 25 cents.

Q. All lines agree to quote 23 cents per head on cattle 03 cents per head on sheep to cover wharfage on live-stock and feed, also shipping masters' fees. If wharfage paid by Railway Lines to only collect 13 cents per head on cattle and 02 cents per head on sheep.—A. Apparently the wharfage is the difference between the 15 cents and the 25 cents.

Q. Do you mean the railways do not have to pay wharfage?—A. Yes, they do. They do not collect it twice from the shipper.

Q. If the Railway lines pay it direct to the Harbour Commission?—A. Yes.

*By Hon. Mr. Stevens:*

Q. Would that be cattle in slings? I think the term is free in “sling” or something like that. That is the cargo delivered right to the ship. The other would be in the shed alongside?—A. This, Mr. Stevens, is an arrangement as a facility to the shipper solely.

Q. But some of the charge is absorbed in one case?—A. No, none of it is absorbed. It is just a medium of payment, consolidating it into a lump sum.

*By Sir Henry Drayton:*

Q. Does that all go to the Harbour Board?—A. I am not a cattle carrier but I do not think the companies get any part of that.

Q. It all goes to the Harbour Commissioners?—A. It all goes to the Harbour Commissioners.

*By Mr. Symington, K.C.:*

Q. Turning to the meeting of May 31st—before leaving that, apparently the Conference, in any event, did deal with that feature of the cattle shipments?—A. The reason for it was that it was to announce it was a question as to whose responsibility it would be to do this in placing the cattle on board the ship from the cattle yard.

Mr. MONTGOMERY, K.C.: They have been confused in using the term “Conference” because they always speak of the United Kingdom Conference and the Canadian Liner Committee.

[Mr. W. T. Marlow.]

*By Mr. Symington, K.C.:*

Q. This is the Canadian Liner Committee. If you will turn to page 126, the Minute, "rates on cattle; all members present affirm that they were not quoting less than \$40 per head." Do you remember the discussion?—A. No, I do not, for the reason that we were not cattle carriers at the time and we were not interested in the rate.

*By Sir Henry Drayton:*

Q. What is that date?

Mr. SYMINGTON, K.C.: May 31st, 1921. Mr. Lockwood was Chairman. That was at the office of Furness Withy?—A. He is with the Robert Reford Company.

Q. The same as Colonel Gear. And he was Chairman of that meeting. I notice you were present. Then turning to the Minute of June 21st, page 116, under:

"Cattle: Telegram was read from Toronto shippers complaining of the present rate of \$40 per head, claiming that inland and ocean freight was making present business unprofitable and almost prohibitive. Rate of \$40 per head as per Minute No. 5. Meeting May 31st, reaffirmed."

—A. I am sorry I can say nothing about the cattle rate because we do not carry them and I was not interested.

Q. You were the Chairman that day?—A. I was the recording angel.

Q. When Colonel Gear says "Cattle rates were never fixed by Canadian Liner Committee" it would not seem to be correct, would it?—A. My recollection is that they were fixed at one time but they are not to-day but I cannot speak positively.

Q. In any event there are the Minutes of the meeting of which you say you were the recorder, I take it it is correct?—A. Yes.

Q. How long did these meetings last?—A. Well, this one, I would say, would last about an hour or two.

Q. Having got this telegram from the Toronto shippers saying that this was a prohibitive rate what would happen?—A. I would imagine that the lines interested would discuss it amongst themselves. So far as I would be concerned, at this meeting I would be a very casual listener.

Q. In face of the complaint which was re-affirmed at that same meeting that same afternoon?—A. That is what the record says.

Q. Then again, at page 108, the Meeting of July 26th:

"Cattle: Agreed to quote not less than \$30 August shipment and \$40 for September shipment."

So that it was dealt with then also.—A. You will notice that I was not present at that meeting.

Q. Mr. Lockwood was. You were not present at that meeting. That is quite true. Who are the cattle shipping lines now, so that we may get this straight?—A. Furness Withy & Company; Robert Reford Company.

Q. Robert Reford Company are not shippers?—A. The Lines they represent.

Q. Do they not represent Cairns?—A. They represent Cairns, Thomson.

Q. Furness Withy?—A. Cunard.

Q. Not Furness Withy?—A. Furness Withy represents Furness Withy and the Manchester Liners. Both of these are cattle carriers and the White Star Dominion Line is a cattle carrier.

Q. Then turn to page 98, under date August 30th, 1921, under the heading:—

"Grain: Representative of the Intercontinental Transports Limited stated that he was experiencing difficulty in securing grain for his line

[Mr. W. T. Marlow.]



at the rate of 5/9 per quarter as against tramp competition at 5/ and a fixture at this rate from Montreal for October was cited. He stated that his ships were not in a position to secure any appreciable quantity of general merchandise and were therefore particularly dependent on the grain for their cargoes. He suggested that they be permitted to meet tramp competition on grain agreeing to observe Conference rates on all other commodities. This was not satisfactory to the other lines and after extended discussion, involving conditions at the port and other phases of the present situation, it was decided to defer the matter for further consideration after the New York United Kingdom Conference September 8th."

The CHAIRMAN: What liner was that?

Mr. SYMINGTON, K.C.: The Intercontinental Transport Limited?

The WITNESS: I think that it has been stated that the rate on grain was fixed by the Conference up to about December 8th, 1921, and during this period that you now refer to it was a question of agreement between the lines as to what should be a proper rate on grain.

*By Mr. Symington, K.C.:*

Q. Then turn to page 95.—A. What is the date?

Q. September 16th, 1921. I have only a few more of these, Sir Henry. It sets out a wire received from Mr. Morse, the secretary in New York.

"Referring your telegram September 13th at special meeting New York Liner Representative to-day matter discussed and feeling expressed that in view of large amount of grain closed during August for Montreal movement up to end October and comparatively small amount obtained Northern range ports coupled with present congestion prevailing Montreal your reduction in Montreal rate uncalled for and fear your action will only make it more difficult for us to obtain grain without benefit to Canadian lines.

It was considered advisable to call a special meeting at 3 p.m. September 16th, and after the subject had received a very thorough discussion the Chairman was instructed to despatch the following message to Secretary Morse:—

Replying to your telegram 15th all line considerably short of their grain requirements for September and October and have practically nothing booked for November the bulk of the grain booked via Montreal being for tramp tonnage which has crowded the port to the detriment of the regular lines using their berths and causing general congestion. (stop) We cannot get grain at 5 and 3 and are reluctantly compelled to make our rate 5s heaving grain and 4 and 9 oats September and October otherwise grain will be taken by tramps which are operating freely at five and under and liners will get nothing (stop). Large quantities grain now going via Buffalo."

At this time I notice, in all these wires, Mr. Marlow, you seem not to quote under the tramps?—A. That may have been so at that time.

Q. And it did continue up to 1924?—A. I am not certain of that.

Q. Did you ever know of a year prior to 1924 where the liners had a less rate than the tramps, in the aggregate, I mean?—A. Well, I don't know in the aggregate, when the tramp rate has been higher than the liner.

Q. Before 1924?—A. Before 1924.

Q. Then turning to page 163, January 3rd.

"Agricultural Implements: Mr. Nicoll advised the meeting that shipments formerly proceeding from Canada to Manchester were now

[Mr. W. T. Marlow.]

being forwarded to Havre for trans-shipment to the United Kingdom at a lower rate than what was demanded by the commodity list."

A. That is in another year now.

Q. No, that is the same. It is going back to the same year, January 3rd, 1921. So that as early as January, 1921, you could apparently ship agricultural implements cheaper to England via the continent than you could direct?

—A. My recollection is that the Continental Conference was formed in 1921 and therefore things would be—I won't say things would be—the rates would be more or less various at that time.

Q. So that the formation of the Continental Conference would remove that situation?—A. I don't know that it ever removed it but it would bring about some general uniformity.

Q. My instruction is that it has continued even up to this time. Is that not so?—A. There was a period in the Continental Conference, I think in 1922, when there were very few fixed rates.

Q. Has it not continued up to to-day that agricultural implements can be shipped to the continent cheaper than to the United Kingdom, and can be shipped to the United Kingdom via the continent cheaper than to the United Kingdom?—A. I know they can be shipped to the continent cheaper than to the United Kingdom, but whether they can be shipped to the United Kingdom via the continent, I do not know.

Q. You do not remember Massey-Harris making that objection to your Committee?—A. I remember them making objections, but I do not remember them making that specific objection.

Q. Is it the fact, or has it any influence, that the rate on grain charged by the liners is because they want grain for ballast?—A. Certain steamers must have the grain for ballast.

Q. Is it lower at any other time, than the tramp rate, except for ballast?—A. Oh yes, I think generally throughout 1924 the liner rate prevailed lower than the tramp.

*By the Chairman:*

Q. Mr. Marlow, the statement has been made, without doubt correctly, that during the summer of 1924 the tramp rate on grain was higher than the liner rate on grain. Now take over a period of four or five years, would that be true?—A. I could not say that, Mr. Chairman, without looking it up.

Mr. SYMINGTON, K.C.: I think I asked someone to get that before. I made that statement with one of the earlier witnesses, with Col. Gear. I think it was.

*By Mr. Symington, K.C.:*

Q. Then at page 79, the same year, November 15th, Grain: "Canadian Lines decided to reduce rate on Oats to 3/6. The Chairman was instructed to notify Mr. Morse that in view of tramp competition Canadian Lines are unable to obtain higher rates from Portland and St. John than New York rates." That was the policy you said you had to achieve, to have a higher rate from the St. Lawrence?—A. No. Are you speaking of St. John? Did you not say St. John?

Q. Yes.—A. We do not regard that as the St. Lawrence. We do not regard those ports as the St. Lawrence.

Q. We will say St. John then; the Canadian ports.—A. The condition in the winter time was this: the New York lines are in a position probably to get a premium over the Canadian rate, on account of the greater facility they have in handling the grain via Buffalo as against our ports.

[Mr. W. T. Marlow.]

*By Sir Henry Drayton:*

Q. As against our winter ports?—A. As against our winter ports.

*By Mr. Symington, K.C.:*

Q. At this time apparently you had tried to maintain the winter port rate?—A. We had tried to maintain the New York rate and found we could not get grain on that basis and therefore we had to reduce it.

Q. What you say here is that you were unable to obtain higher rates?—A. Well it may be higher than the New York rate and we had to reduce it to the basis of the New York rate.

Q. Turning to December 15th of that year.

"Owing to it being found impossible for the Special Committee appointed for the purpose to agree upon rates at meeting held Wednesday, December 14th, at five p.m., it was determined to call a special meeting of the General Committee to discuss the situation and advise the Grain Committee. After considerable discussion, it was the unanimous opinion that owing to competition from Boston and other ports, it would be impossible to maintain rates that were on a higher basis than those in operation from the ports in question, and the Special Committee were therefore advised that in the opinion of the General Committee it would be necessary to meet competition."

That was the opinion you came to in the end of December of that year?—A. That was the conclusion.

Q. Turning back to June 4th, Mr. Marlow, you dealt with that subject yesterday. It is at page 125.—A. Of the same minutes?

Q. Yes.

"The members of the Canadian Lines, after the New York Conference having decided upon a minimum rate of 6 shillings on wheat and barley and 5/3 on oats per quarter, the question was raised as to whether this was not too great a difference over New York and might result in shipments being diverted via Buffalo to the American seaboard. In view of the figures submitted by Mr. Marlow on rates from Fort William and Bay Ports to Montreal in comparison with Buffalo, it was decided there was nothing to fear from this competition and that the difference arranged for might be maintained. It was decided to fix the Canadian flour rate at 28 cents based on 5 shillings wheat rate, Canadian rate of exchange, and the following telegram was sent to Secretary Morse."

You remember that, Mr. Marlow. So that at that time you were maintaining a considerably higher rate?—A. Out of Montreal.

Q. And you retained the flour rate of 28 cents as opposed to the American rate at that time of 21?—A. Yes. My recollection is that at that time there was a difference in exchange against us.

Q. Surely nothing like that.—A. Oh, at one time the difference in exchange between Montreal and New York went up to eighteen cents on the dollar.

Q. Canadian flour, Mr. Marlow, was being shipped from Canadian ports on Canadian boats?

Sir HENRY DRAYTON: What was that date?

Mr. SYMINGTON, K.C.: June 4th, 1921, Sir Henry.

*By Mr. Symington, K.C.:*

Q. Canadian flour was being shipped from the Canadian ports—and grain—and what has the American rate of exchange got to do with it on a quotation

[Mr. W. T. Marlow.]



in Canadian money, not in sterling?—A. Well, we have admitted already that we were maintaining higher rates on Canadian flour, and that matter has already had the attention of the Imperial Shipping Committee and been disposed of, I understand.

Sir HENRY DRAYTON: I suppose really it is the same position as the arrangements made by the Interstate Commerce Commission in connection with the railway freight rates. There is a differential allowed there, based on the exchange. I suppose really it has to do with a situation that one would like to get away from if he could; I suppose that is what Mr. Marlow is talking about—and it does not seem to me to be something that ought to be a controlling factor at all—would be that when they are getting so many cents more, there was such a depreciation of the Canadian dollar at the time as against the American dollar, that they would be on a parity or somewhere near that in rates.

Mr. SYMINGTON, K.C.: That is the argument no doubt. Speaking of the railway rates, I was in that case. The theory there of course was, that a certain portion of the haul being in the United States, they had to pay the United States Railway in American funds, and the United States Railway had to pay their workmen in American funds. But here the Canadian boat would not be hauling Canadian flour through the United States.

Sir HENRY DRAYTON: It comes back to the question of the parity of the dollar, if you adopt that as the basis.

Mr. MONTGOMERY, K.C.: I submit that the Canadian dollar would not buy the same amount of sterling that the American dollar would, and that these British boats are all handled and paid and to a large extent carried in sterling on the other side and it would involve a considerable difference; the difference between the Canadian and the American dollar came directly into play.

Mr. SYMINGTON, K.C.: Perhaps we can get away from that argument. This was maintained long after the exchange came back to practically the same, and was only removed by the Imperial Shipping Committee on their report.

*By Mr Symington, K.C.:*

Q. Wasn't it, Mr. Marlow?—A. You mean the differential between the rate on American and Canadian flour?

Q. Yes.—A. Yes, that is true.

Hon. Mr. STEVENS: That is admitted, is it not, Mr. Symington?

Mr. SYMINGTON, K.C.: I was calling attention to the fact that it is an exchange argument.

Mr. MONTGOMERY, K.C.: That flour was not an exchange argument. It was a differential fixed by the United States Shipping Board. We should not confuse the two.

*By Mr Symington, K.C.:*

Q. Then turning to 12C, page 261. January 3rd, 1922.

"The flour rates. The question of rates on sack flour was again raised and it was the general feeling of the meeting that the present tendency to reduce rates both on grain and flour by lines from U.S. ports is to be deplored as an unnecessary waste of revenue. After considerable discussion it was decided to defer any action in December until after the meeting of the Conference in New York, on 5th inst., and meantime all lines agreed to maintain the 24 cent rate."

At that time, Mr. Marlow, if my recollection serves me, the United States Shipping Board were trying to reduce the rates on flour were they not?—A. I would not be able to say that, but it is quite probable.

[Mr. W. T. Marlow.]

Q. In any event the Canadian Lines—A. Were of the opinion that the flour rate should be maintained at that time.

Q. And you agreed to maintain the 24 cent rate at that time?—A. That is true.

Q. Then January 24th, page 255. Mr. Wood—he was of the Canadian Merchant Marine, was he not?—A. Yes.

Q. "Mr. Wood announced that he had been called to attend a meeting of the Railway Commission on Wednesday 25th inst., in connection with rail rates, and as a deputation from a certain group of Ontario millers were to be in Ottawa the same day, interviewing the Minister of Trade and Commerce, Mr. Robb, he anticipated being called on and questioned as to the position of the Canadian Steamship Lines in so far as their asking rate on flour was concerned. The question was very thoroughly discussed and the reasons governing the stand of the St. Lawrence Liners clearly outlined, and the Committee finally going on record as being opposed to the artificial flour rate promulgated by the United States Shipping Board."

So that it was the Shipping Board who were reducing rates on flour and the Canadian Liners feared they would have to follow suit, is that it?—A. I think you have got to go back to how the United States rate on flour came about.

Q. Granting that it was a political move on the part of President Wilson, that does not have anything to do with it.—A. Do you think that would be sufficient reason for the Canadian Lines to do business below an economic basis?

Q. I am not arguing whether it is economic or not; I am simply putting forth the facts.—A. Well that is the reason the Canadian Lines did not reduce the rate to that basis.

Q. The United States Shipping Board before, and the Canadian Liners did not.—A. That is true.

Q. Very good. Apparently Mr. Wood of the Merchant Marine was to take the part of the Liners before the Minister on that occasion?—A. I don't think that was his object in seeing us at all. I think he came to see us as to what he would say to the Minister when he met him.

Q. And you will find on February 7th he reported back and you gave him a vote of thanks.

Sir HENRY DRAYTON: Before leaving the question of the flour differential, Mr. Symington, I suppose we will have figures dealing with that question later on?

Mr. SYMINGTON, K.C.: Yes, they are getting them for me.

Sir HENRY DRAYTON: What would be very useful would be to have, if we can, the real truth as to the difference in cost. There have been a lot of statements made, filed in other enquiries, and some of those statements run as high as 16 cents a hundred pounds. Others are very much lower.

Mr. SYMINGTON, K.C.: I may say, Sir Henry, in going through the correspondence, the biggest difference I have found has been eight cents.

Sir HENRY DRAYTON: That is in cost?

Mr. SYMINGTON, K.C.: In the rate.

Sir HENRY DRAYTON: No, the difference in rate ought only to be justified by an increase in cost of handling flour as against grain.

Mr. SYMINGTON, K.C.: I see.

The CHAIRMAN: Do you think, Mr. Symington, we could usefully ask the witness what his opinion is as to what would be a fair differential between grain and flour?

[Mr. W. T. Marlow.]

Mr. SYMINGTON, K.C.: I understood this witness to say you could not fix it on that basis at all.

*By Mr. Symington, K.C.:*

Q. Did you not say that, Mr. Marlow?—A. I said that as the rate on grain is such a fluctuating rate, it would be difficult to make a fixture; but I understand, Mr. Chairman, we will be able to give you something on that later, on this question of flour versus grain, because Sir Henry asked for some figures on that yesterday.

The CHAIRMAN: If the figures are being prepared, I do not want to urge it now, but I would like to find out what the difference of cost of handling is.

Sir HENRY DRAYTON: That is just the point.

The CHAIRMAN: That does not depend on the fluctuation in the price of grain or the fluctuation in the price of flour.

*By the Chairman:*

Q. What does it cost you to take a certain given quantity of wheat, put it on your boat, take it across the ocean and discharge it on the other side, as compared with a like weight of flour?—A. We worked it out at different times. I remember I was one of a deputation who met the millers in Sir George Foster's office, I think it was probably three years ago or more, and at that time my recollection is that the rate on grain was 45 cents, or 40 cents, and the rate on flour 65 cents. It seemed to me at that time that we fully justified our position. We had prepared the actual cost of handling on both sides, the difference in stowage on flour as against grain, and the claims feature.

*By Mr. Duff:*

Q. And the difference in space?—A. I said the difference in stowage, Mr. Duff.

Q. That is the same thing?—A. It was thought at the time that our case was a fair one, and after we were heard the millers were asked if they doubted our figures; I believe they said they did not, and then they pressed the Minister to have the Canadian Government Merchant Marine carry flour even if it had to be done at less than cost. The answer of the Minister at that time, as I recall it, was that if he had to offer a subsidy to the flour shipper in that form he did not see how it could be refused to every shipper and manufacturer in the country. However, as I stated, we will prepare the figures on the present basis of rates and submit them.

*By Sir Henry Drayton:*

Q. Did you ever have a proper array of figures based upon the proper mechanical loading and unloading of flour, Mr. Marlow? I know we have not had the facilities, but now I see no reason why we should not have them, and if you had those proper mechanical facilities, those costs would come down tremendously.—A. It is difficult to get any mechanical device which will just suit the loading of flour into a liner ship at Montreal, for the reason that as you load your ship you come across space in different parts of the ship suitable for flour; you commence then the loading of the flour until that space is filled, and if you are getting near the boilers or near some other compartment where there is some other cargo liable to taint the flour, you have to stop and put in other cargo next the flour.

Q. If you thought the flour was in sufficient quantity to justify another compartment, as you thought it would have been, you could have the mechanical carriers and have the cost cut down to almost the cost of the

[Mr. W. T. Marlow.]



grain movement?—A. Our experience has been that we cannot get flour in those quantities. Sometimes we are looking for flour and can get none, and at other times it is in greater lots than we can accommodate.

Q. If it is in greater lots than you can accommodate, certainly cheap mechanical loading would be the whole thing?—A. On those occasions, certainly.

*By Mr. Symington, K.C.:*

Q. Just one more in '22, April 30th, 1922, page 229.

"Sugar: It was reported that British U. S. port lines were calling at Halifax and taking sugar at 20 cents per 100 pounds as against the Canadian Lines' agreed minimum rate of 25 cents per 100 pounds. Attention was called to the fact that Secretary Morse had never been advised of the understanding that Canadian Lines would maintain a minimum of 25 cents from Canadian ports when they concurred in the proposal for open rates on Sugar to meet Reardon Smith Line competition. The Chairman was instructed to write Secretary Morse asking that he circularize all Lines with a view to having them agree to the rate of 25 cents per 100 pounds on Sugar from Canadian ports."

That was subsequently arranged, Mr. Marlow?—A. It was.

Q. That is what seems to have occurred, and in that case the Canadian refiner was paying 25 cents and the American 20 cents at that particular time. What seems to have occurred in this and many other commodities seems to have been that because of this pest, this Reardon Smith Line, there was a great deal of stuff shipped from the United States at the lower rate than was shipped from Canada?—A. There is no question about it, that Reardon Smith carried traffic at lower than the Conference rates, and also that at times the Conference Lines who were confronted immediately with this Reardon Smith competition, met it.

Q. That is the result of the competition?—A. That is my answer.

Q. And that through that competition the Canadian man interested in whatever article such as that, was put at a disadvantage?—A. Not for long. Wherever we thought he was suffering through any such thing as that we always went to his aid.

Q. But you always kept after the competitive line?—A. We always kept after the competitive line.

Q. Now, turning to 12-E, the 1924 Minutes, while I have not had time to go through them very thoroughly, hay was on an open rate?—A. It was an open rate in the Conference.

Q. It was dealt with the same as the other open rates in the Conference?—A. No. Sometimes the Committee will say "We will ask 30 cents on hay." Sometimes they do not mention it at all. But at any time any line may quote anything it likes on hay.

Q. Now let us take November 18th of the Minutes of last year; "Hay. It was considered that a rate of 30 cents might be established and maintained to all United Kingdom ports until further notice."—A. That was one time probably when we did think that 30 cents was the right rate. I presume you appreciate that 30 cents is a very low rate on hay.

Q. It may be, I do not know anything about it. All I am getting at is that the open rate on November 30th, 1924, was fixed at a meeting of the North Atlantic Conference.—A. All we use it for is to fill in. It stows in 210 cubic feet.

Q. It is one of those rates declared by the Conference in New York to be open?

*By the Chairman:*

Q. But it is not open as between the different Lines in Montreal?—A. It was not at that time.

[Mr. W. T. Marlow.]

Mr. SYMINGTON, K.C.: I am only reading the minutes, Mr. Chairman.

*By Mr. Symington, K.C.:*

Q. So in these minutes I find that right up to the end of the year you fixed the grain rates and the flour rates?—A. Just as I have given it. We rather record them in the minutes.

Q. You can use any term you like in regard to that.

The CHAIRMAN: Just to make this thing clear, as between the different Lines in Montreal it is not an open rate, it is a fixed rate?

Hon. Mr. McMURRAY: To be maintained.

*By the Chairman:*

Q. Am I not right—to be maintained?—A. It was at that time and would be to-day. I am correct in saying that we have no rate we will quote on hay.

Q. Am I right in passing the opinion that that is because not much hay is going forward at this time?—A. I am not in a position to say that.

*By Mr. Symington, K.C.:*

Q. In connection with the suggestion, Mr. Marlow, that one way of meeting this difficulty was Conferences—I think that is one way either you, Col. Gear or Mr. Cleminson made the suggestion—between the shippers, and I want to refer you to a minute of the Conference at page 31, under date of March 15th, 1924:—

*“The Shippers’ Conference of Greater New York. Letter from Mr. J. A. C. Jansen, Chairman, Export and Import Committee of the Shippers’ Conference of Greater New York, dated March 1, 1924, was read, with regard to joint meeting between a shipper or group of shippers, or an organization representing shippers, to discuss rate adjustments or other matters of mutual interest. Secretary was instructed to reply that the rates are the result of individual action of the various lines which compose the Conference, and shipper should therefore apply to the Line, or Lines, over which he is shipping, to consider any feature with regard to rates on his particular commodity. Should, however, a condition arise where it would be of mutual interest to both the shipper and the Lines to arrange for a joint Conference there would be no difficulty in dealing with the matter in this way.”*

Is that the way the New York Conference generally dealt with these matters?—A. No. The explanation of that is that it rests with the particular person who writes the letter.

Q. I notice you were the Chairman at that meeting?—A. Yes. Mr. Jansen is the Traffic Manager of Klipstein & Company, of New York, and I do not think he represented the shippers in such a widespread or broad way that he would lead you to think in that communication.

Q. At any rate, Mr. Jansen was the Chairman of the Export and Import Committee of the Shippers’ Conference of Greater New York?

Mr. MONTGOMERY, K.C.: That is what Mr. Jansen called himself for the moment.

*By Mr. Symington, K.C.:*

Q. That is your explanation, Mr. Marlow?—A. That is my explanation. As a matter of fact, they are interested only in chemical traffic.

Q. I have gone through these minutes. Can you suggest that you were ever present at a Conference in New York when there was a joint meeting

between the Conference and the shippers?—A. Yes, and I have presided at them.

Q. What men?—A. The leather men, the lumber men.

Q. In New York?—A. Yes.

Q. I understood Col. Gear to say that it was the Committees? A. I am telling you what I have done.

Q. Is it recorded here?—A. No.

*By the Chairman:*

Q. Was that answer to Mr. Jansen sent with your approval?—A. With my approval?

Q. Yes.—A. No. It was approved by the Conference as a whole.

Q. But you were the Chairman of it?—A. I only presided to keep order.

Q. Some Chairmen have a very serious view of their responsibilities. Forgive me if I continue this a moment. What was the answer made to this Mr. Jansen, that the rates were not agreed to in Conference?

Mr. SYMINGTON, K.C.: Yes.

Mr. MONTGOMERY, K.C.: The rates were the results of individual actions on the part of the Lines.

The CHAIRMAN: Let me put it the other way round. Did I properly appreciate the purport of it?

Mr. SYMINGTON, K.C.: You appreciated it the same way as I did; I don't know whether it is right or not. What he says is that the "Secretary was instructed to reply that the rates are the result of individual action of the various Lines which compose the Conference, and Shipper should therefore apply to the Line, or Lines, over which he is shipping, to consider any feature with regard to rates on his particular commodity."

The CHAIRMAN: You will correct me if I have a wrong impression but that reply seems to be made out of whole cloth.

Sir HENRY DRAYTON: I think what one can say about this is that it is technically correct, but hardly frank. As a matter of fact the Liners do send out the rates, but they are settled before they send them out.

The CHAIRMAN: And as a matter of fact that would mislead the correspondent.

Mr. SYMINGTON, K.C.: The rates are in a tariff of the Conference; that is where the rates are.

Sir EUGENE FISET: A Departmental action.

Sir HENRY DRAYTON: We are learning something, I see.

Mr. MONTGOMERY, K.C.: We did not want to meet Mr. Jansen on his particular representation of the shippers of America.

The CHAIRMAN: On the basis that if a person asks a question in which complete truth is not present, the reply may be morally of the same nature.

Mr. MONTGOMERY, K.C.: That is the philosophical question I referred to.

The CHAIRMAN: Go on to the next.

*By Mr. Symington, K.C.:*

Q. While I accept your statement, Mr. Marlow, that is the only reference I can find of the Conference in these minutes.—A. I can say that we have met the leather men and the lumber men.

Q. It struck me that it was peculiar that that feature should come up in connection with Mr. Cleminson. At page 24, which is the meeting of June

[Mr. W. T. Marlow.]



9th—I only cite this perhaps as an indication of how strong are the ties of this light and airy Conference—paragraph 417:

“Canadian National Exhibition, 1924

This Exhibition will be held in Toronto. Request was presented from the Federation of British Industries, London, for reduction of 25 per cent from eastbound rates on exhibits, which are eventually returned to England, but individual lines did not feel they should make any modification of their notified rates,”

and none was made. That is the minute of June 9th, New York.

Mr. MONTGOMERY, K.C.: Once again the flag waves.

*By Mr. Symington, K.C.:*

Q. Then there is a minute on page 22 of a meeting in New York on July 9th, 1924, in respect to a joint brokerage committee, in which you came to certain conclusions:

“(e) *Resolved*, that if the foregoing resolutions are unanimously adopted by the other interested Conferences, namely, the Adriatic, Black Sea and Levant Conference, Brazil Conference, Far East Conference, Intercoastal Conference, North Atlantic Continental Freight Conference, River Plate Conference; that Mr. H. Conner be appointed as representative of this (joint) Conference on the Joint Standing Brokerage Committee.”

I am not suggesting rates, but that resolution was with respect to paying brokerage upon freight, as I think you will see—A. We do not pay brokerage, and that is the general practice of the Canadian lines; that is, not to pay brokerage. The United States lines, particularly in New York, do pay brokerage, and that has reference to a uniform practice in respect to brokerage. I might explain to the committee that the season the question was discussed at that time was that there was some question in the minds of the steamship lines as to whether they were paying brokerage to firms who were legally entitled to receive it under the Transportation Act, and therefore some uniform action was necessary to give protection to the steamship lines, so that it might not be a party to what might be proved to be an indictable offence.

Q. The resolution apparently provides that the North Atlantic Conference was prepared to put this into effect when the other interested Conferences took similar action. I am only quoting it to show that—is this a proper deduction—in matters in which you are jointly interested there is a communication between these various Conferences which I have read?—A. That is the first time I have known a question of that kind to be dealt with by all the Conferences named, and as I said before, the reason is that it was considered a very serious and important matter.

Sir HENRY DRAYTON: What were the terms of the resolution, Mr. Symington?

Mr. SYMINGTON, K.C.: It is a long resolution, setting forth:

“*Resolved*, that freight brokerage not to exceed  $1\frac{1}{4}$  per cent may be paid only to bona fide brokers whose actual business—”

and so on.

Sir HENRY DRAYTON: Just confined to that question?

Mr. SYMINGTON, K.C.: Yes, just confined to that question.

[Mr. W. T. Marlow.]

*By Mr. Symington, K.C.:*

Q. Then I would like to refer to the minute of the meeting of March 4th, 1925, or first the meeting of February 6th, 1925, in respect to what I referred to concerning the action, the judgment in which my learned friend put in.

"Secretary presented copy of the United States Shipping Board's decision dated January 20th, 1925, on 'The Port Utilities Commission of Charleston, S.C., et al v. The Carolina Company, et al No. 23; The Port Differential Investigation No. 26.'

The special committee re: Port Differential Investigation submitted recommendation that the following telegram be sent to the South Atlantic Steamship Conference and the Gulf Shipping Conference, provided that the Continental Freight Conference concurred, viz: 'At meetings of the North Atlantic Continental Freight Conference and United Kingdom Conference to-day'—"

those are the two North Atlantic Conferences, the Continental and the United Kingdom—

"United States Shipping Board's decision dated January 20 dissolving the Tri-Partite Agreement was noted and will be respected (Stop). If you so desire these Conferences will be very glad pending solution of the situation to keep you posted in general interest of trade of rate changes (Stop). Only rates changed to-day were—"

setting forth the rates.

"General discussion followed and on motion it was unanimously Resolved, that the recommendation of the Committee be approved."

And at page 3, the meeting of March 4th, the Committee reported:—

"Report for record that following replies have been received to telegram promulgated—"

they promulgate telegrams too—

"Under Min. 494, viz:

From South Atlantic S/S Conference, Savannah, Ga., February 10, 1925, viz:—

'Referring to your night letter of the 6th. Yes, this Conference desires that you continue to advise us of rate changes, etc., and we shall be glad to reciprocate.'

From Gulf Shipping Conference, New Orleans, La., February 12, 1925, viz:—

'Referring to your night letter of February 6th, I desire to call your attention to Minutes of Gulf/United Kingdom Meeting No. 256, held on Tuesday, February 10, under subject No. 1031 (Previous 1024), under which subject, you will note. I was directed to acknowledge receipt of your telegram to effect that, we likewise will respect the decision of the United States Shipping Board, abrogating the tripartite agreement, but that in the interest of trade conditions, will continue to furnish you with copies of tariffs, circulars and minutes which will indicate any modifications in Gulf rates'."

On that, I would like to refer also to the Minute or the rule that tariffs, minutes and anything that occurs in these Conferences are supposed not to be told to anybody who are not members of that particular Conference.—A. Mr. Symington, while you are on that, I would like to direct your attention to the words, "pending a solution."

Q. You have told us what you think the solution will be. You think it will be reformed and that you will be a member of it. That is what you told us,

[Mr. W. T. Marlow.]

was it not?—A. That the North Atlantic Conference would be a party to a new arrangement.

Mr. MONTGOMERY, K.C.: The United States Shipping Board would be bound to bring about some practical working arrangement, inasmuch as their boats sail from all three ports.

*By Mr. Symington, K.C.:*

Q. Now I show you a copy of an agreement which came from the Agricultural Conditions Committee, 1923, in order to clear up a question asked. This is an agreement between John Doe for exclusive shipments on Conference lines.

The CHAIRMAN: That will be exhibit 47.

*Exhibit 47: Agreement between John Doe and Conference lines*

*By Mr. Symington, K.C.:*

Q. This sets out the principle of the thing?—A. Yes, it does, contract rates.

Mr. SYMINGTON, K.C.: This is:—

“Memorandum of Agreement made this 1st day of January, 1923, between John Doe, hereinafter called the ‘Shipper’ and the Lines of the North Atlantic Continental Freight Conference, hereinafter called the ‘Conference Lines’.

1. The Shipper, in consideration of the agreement of the Conference Lines hereinafter set forth, agrees to forward all shipments made or controlled by him of automobiles for Antwerp, Rotterdam, Hamburg, Bremen and points to which said ports are tributary by steamers of the Conference Lines. The quantity is estimated to be not less than..... per annum.

2. On consideration of said Agreement by Shipper the Conference Lines agree to carry all said shipments at the rate of 40c. per cubic foot.”

At the bottom the rate, when not covered by contract, is 50c. Then, without reading the whole thing, the question was asked about signature. Clause 4 sets out the following:

“This agreement shall remain in effect months from date and thereafter until cancelled by either party on three (3) months’ written notice. The signature of the Conference Secretary affixed is authorized by and is binding on all the Conference Lines of good standing which, of date, are mentioned below, severally but not jointly with respect to shipments to the ports to which the several Conference Lines operate steamers.”

Mr. MONTGOMERY, K.C.: I think it would be well if attention is directed to clause 3, too.

Mr. SYMINGTON, K.C.: Yes, that gives them the right to ship on any Conference boat. It says:

“The Shipper shall have the right to select the steamer on which his goods shall be shipped, provided always that the steamer selected shall have sufficient unbooked space when the shipper’s request for room is received, but no single Conference Line is obligated to load in a given month more than the average per steamer of shipper’s total shipments for the three preceding months.”

*By Mr. Symington, K.C.:*

Q. Mr. Marlow, that is generally adopted with respect to rubber, if I remember rightly?—A. Rubber tires.

[Mr. W. T. Marlow.]



Q. And some other commodities?—A. That is true.

Q. And if my recollection serves me, in each case the rate was ten cents cheaper?—A. About that.

Sir HENRY DRAYTON: Is there any guarantee as to a minimum quantity to be shipped under that by the contractor?

Mr. SYMINGTON, K.C.: No sir, it says, "quantity is estimated."

Sir HENRY DRAYTON: No guarantee at all.

Mr. SYMINGTON, K.C.: No guarantee.

The WITNESS: The idea was to secure the patronage of the shipper to the Conference lines.

*By Mr. Symington, K.C.:*

Q. You stated, Mr. Marlow, that this is open to any shipper?—A. Yes, it is open to any shipper.

Q. As a matter of practice, in any event from the correspondence I see here, you seem to go after the big shipper?

Mr. MONTGOMERY, K.C.: That is all there are on these lines.

The WITNESS: I do not think any of these contracts have been made in Canada, except such as we have followed to protect the Canadian shipper when the contracts have been made with American shippers.

*By Mr. Symington, K.C.:*

Q. What I was getting at, it struck me—you can correct me if I am wrong—that the big shipper knows of this contract, and pays that ten cent rate? Does the small shipper know of it?

The CHAIRMAN: He gets that 10 per cent discount.

*By Mr. Symington, K.C.:*

Q. Does the small shipper know about it?—A. It has not been a generally adopted rule. In the case of the rubber tires, if I recollect correctly, it came about this way. The Rubber Association of America went to the Conference of their own volition and said, "Here, we don't want to be bothered with this outside competition; we don't want to have that variation in rates; we want to be able to quote stabilized rates for the year. Will the Conference make an arrangement with us up to the end of the year, and we will in return give them our patronage at a stated figure to be agreed upon?"

Q. It seems to have arisen with a gentleman by the name of—A. Joeel, who represents the Rubber Association of America, and practically all the tire factories in Canada and the United States.

Q. You have got the Goodyear signature, I see?—A. Yes.

Q. The N.D.V.L.—whoever they are?—A. I do not know them.

Q. You appointed a special Rubber Committee in that case, of which Mr. Lockwood was Chairman?

The CHAIRMAN: Who was that?

Mr. SYMINGTON: Mr. Lockwood, of the C.P.R., I think.

The WITNESS: No, of the Robert Reford Company.

*By Mr. Symington, K.C.:*

Q. And he circularized the lines under date of July 26th, setting forth that they were at liberty to quote them 30 cents per cubic foot, but the rate was only to be given to the companies signing the agreement. A copy of the agreement was sent to the Canadian Consolidated Rubber Company who have wired their parent company for instructions to sign.

[Mr. W. T. Marlow.]

It says:

"Will the lines please instruct all their representatives that the 40 cent rate is to be quoted to any company who has not signed the agreement and only companies parties to the above agreement are to receive the reduced rate of 30 cents per cubic foot."

A. That is the general principle of the thing.

Sir HENRY DRAYTON: Did that apply to anything outside of automobile tires and automobiles?

Mr. SYMINGTON, K.C.: It applied to automobiles and tires. My recollection is that seeds was another one. I found a circular on that.

The WITNESS: Seeds, yes.

*By Sir Henry Drayton:*

Q. Anything else?—A. Yes. The United States lines carry a lot of lubricating oils, grease and paraffin wax. I think there is one in connection with that.

Q. What were the special circumstances in connection with the seeds?—A. The same thing; the seed shippers wanted a fixed rate—a stable rate; and you will find that all of the big seed companies in Canada were protected—such as the Steele, Briggs Company, of Toronto, those of Montreal, of Windsor, and so on.

Q. You say they quoted on lubricating oils. Did you do the same thing?—A. We do not carry any lubricating oils out of Canada.

*By Mr. Johnston:*

Q. Is it not a fact that these rates were considered not to be low enough?—A. The question is, were they low enough?

*By Mr. Symington, K.C.:*

Q. The question is that with the stability, they got a reduction of 10 cents?—A. That is right.

Q. There are only one or two more things about which I wish to ask you. I find a wire in the correspondence, dated at New York, October 27th, 1922, from Mr. Morse to you, which says:

"Continental Gulf proposes Tripoli flour open meet Vogman competition. Hamburg Bremen Committee approves. Does Canada"

to which you gave your approval?—A. We never saw a pound of Tripoli flour.

Q. Was that flour going to or from the Gulf?—A. From the Gulf.

Q. "Tripoli" is not a place? Is it the name of a flour?—A. It is the name of the flour.

*By Mr. Duff:*

Q. Is it not also the name of a place?—A. Yes, in Northern Africa.

Mr. SYMINGTON, K.C.: I confess that I thought that it was a place myself.

*By Mr. Symington, K.C.:*

Q. The Continental Gulf Conference proposed to open the rate on this flour to meet a gentleman by the name of Vogman in competition; the Hamburg Bremen Committee approved; New York approved; Canada approved. Is that correct?—A. That is right. That is just in conformity with the rules you have already filed.

[Mr. W. T. Marlow.]

Mr. SYMINGTON, K.C.: What I am pointing out is that Vogman, the Hamburg Bremen, North Continental, North Atlantic U.K. and Liner Committee's consent had to be given.

Mr. FLINTOFF: It does not come into competition with Canadian flour.

The WITNESS: We have no shipments of it from Canada.

Hon. Mr. STEVENS: If it were wheat flour, it would be a matter which would concern us very much.

*By Mr. Symington, K.C.:*

Q. Then, following the difficulty, Mr. Marlow, that you had with American shippers taking Canadian flour below your rates, you finally had fixed and promulgated by the New York Conference an agreement that Canadian flour was to be carried at that rate?—A. Yes.

Q. That was because American lines were carrying Canadian flour cheaper than your Canadian lines would do?—A. No; that was because we would not conform to the five-cent differential on flour over grain. We made our own rate, and we asked them to embody it in the tariff, and they did.

Q. And the tariff on flour was open excepting that flour of Canadian origin only was promulgated in a tariff of 22 cents per hundred pounds?—A. Correct.

Mr. FLINTOFF: What is the date of that?

Mr. SYMINGTON, K.C.: December 7th, 1922.

Mr. MONTGOMERY, K.C.: There is a lot to justify that position. The other result is equally hard on the ship-owner.

Mr. SYMINGTON, K.C.: Now, Mr. Marlow, I have here a lot of stuff which I had selected, but I think you have explained it. Here (indicating) is the Reardon Smith reductions. We have gone over that, so we need not go into it again.

The CHAIRMAN: This Reardon-Smith: Was that a company with two names or one man with a double-barrelled name?

Mr. SYMINGTON, K.C.: It is hyphenated; Reardon-hyphen-Smith—all on one line.

The WITNESS: No, that is not so. It was a gentlemen named Sir William Reardon Smith.

The CHAIRMAN: What an unknightly thing it is to be going around competing with the Conference lines.

*By Sir Eugene Fiset:*

Q. Does it still exist?—A. No, his line does not exist.

*By the Chairman:*

Q. Did the Conference lines absorb it?—A. No, we did not.

Q. What did you do?—A. I do not know.

*By Mr. Symington, K.C.:*

Q. You know, from the minutes, that you tried to absorb it? You sent a gentleman named Mr. Brookes,—with somebody else, to interview them.—A. We invited them to become members of the Conference, yes.

Q. And subsequently they fell by the wayside—they withdrew?—A. I do not know, except that I do know they took their boats out of the trans-Atlantic trade.

Mr. MONTGOMERY, K.C.: You might as well tell the whole story. They tried to take advantage of the Conference without being willing—

[Mr. W. T. Marlow.]



Mr. SYMINGTON, K.C.: To put up—

The WITNESS: Yes, when they came to visit us.

Mr. MONTGOMERY, K.C.: They tried to take advantage of the Conference without being willing to do their share.

The WITNESS: They proposed at that time that we should advance our rates. The argument they made at the time was that they realized the Conference rates were too low, and they suggested we advance the general Conference rates and let them quote what they were then.

*By Mr. Symington, K.C.:*

Q. That was not accepted?—A. That was not accepted.

Q. So the war went on?—A. A month or two afterwards they withdrew.

Mr. SYMINGTON, K.C.: My learned friend has some correspondence, but I think it is not here. There was, however, only one letter to which I wanted to refer. There is a reference in a letter of February 7, 1924, from Mr. Morse to Mr. Marlow, with reference to a refusal to lower a rate, and amongst the reasons given was one that the Canadians had insisted upon the 25 per cent advance. That was correct?

The WITNESS: That was on what, Mr. Symington?

*By Mr. Symington, K.C.:*

Q. In February, 1924—and if my learned friend will get me the letter I will show it to you—you applied for a lower rate on something to the Conference, which was refused, and one of the reasons given was that the American lines were not willing to meet you in this because the Canadians had insisted upon the advance which took place earlier—your horizontal advance? Is it a fact that the Canadians did urge that advance?—A. We, along with a majority of the members of the Conference, did urge an advance because we thought an advance in rates—as I have explained—was justified by the result of 1923.

Mr. SYMINGTON, K.C.: That is all.

## RE-DIRECT EXAMINATION

*By Mr. Montgomery, K.C.:*

Q. In that connection, Mr. Marlow, possibly it would be better to leave it to the accountants to decide whether the rates you were obtaining in 1923 and again in 1924 were sufficient to maintain the traffic on the St. Lawrence—the accountants will give us the result in figures, will they not?—A. I believe they will.

Q. But you are familiar with them in so far as they are consolidated in the statement submitted by Price, Waterhouse & Company?—A. Yes.

Q. In your opinion, was it necessary, in order to preserve the steamship traffic on the St. Lawrence route, that an advance should be made?—A. I think it was.

Mr. SYMINGTON, K.C.: He said he knew nothing about the figures.

Mr. MONTGOMERY, K.C.: I said we would leave it to the accountants.

The WITNESS: I understood Mr. Montgomery to say that the accountants would prepare the figures, but he was referring to the statement by Price, Waterhouse.

*By Mr. Montgomery, K.C.:*

Q. Assuming the figures given by Price, Waterhouse to be correct, in your opinion, was an advance necessary?—A. I believe it was necessary.

[Mr. W. T. Marlow.]

Q. Some of the American lines, according to what my learned friend has just said, thought otherwise?—A. That is true.

Q. And the suggestion is made by my learned friend that but for the Conference the American lines in question would not have made that advance?

—A. I do not think that is so.

Q. Assuming that it would be so, does that suggest to you any advantage in favour of the Canadian ship-owners—and in using the expression “ship-owners” I mean the ship-owners sailing to Canadian ports—and the Canadian shippers, if there was some arrangement by which rates should not be lower for American ports than for Canadian ports? Perhaps my question is a little long?—A. I do not quite get that question, Mr. Montgomery.

Q. In the first place, I suppose it is clear that it is to the advantage of the ship-owners sailing to Canadian ports, that the American rates should not be lower than the Canadian?

The CHAIRMAN: Or the American boats will get the business.

Mr. MONTGOMERY, K.C.: Yes, the American boats will get the business.

The WITNESS: Well, I quite agree with that.

*By Mr. Montgomery, K. C.:*

Q. And in the same way, looking at it from the point of view of the Canadian shippers, have you any idea of a comparison between the outgoing traffic from the United States and Canada? It must be very much larger from the United States? Is that it?—A. Oh! very much larger.

Q. The exports are very much larger?—A. Yes.

Q. They forward a much bigger movement in traffic?—A. There is no question about it. You have 110,000,000 against 10,000,000.

Q. They handle their export movement in a larger way than in Canada?—A. Very much.

Q. In many of these lines our Canadian industries are competing with them?—A. Yes.

Q. Is it to the advantage of the shipper that the American manufacturers cannot get a lower freight rate than the Canadian manufacturer? Is it to the advantage of the Canadian shipper?—A. Decidedly.

Q. Taking it by the size of the two countries, and their export business, which is likely to gain the most from some of the lines that will preserve stability of rates as between Canada and the United States?—A. I would think there was a decided advantage to the Canadian shipper.

Q. As well as the Canadian shipowner?—A. As well as the Canadian shipowner.

Q. And the Canadian St. Lawrence and port interests, generally?—A. I think so.

The CHAIRMAN: Do I understand the witness to say that individual shippers from the United States are larger than individual shippers from Canada?

Mr. MONTGOMERY, K.C.: I would expect him to say so. They are manufacturers who are exporting and doing a larger business than our manufacturers?—A. That is so.

Q. I was dealing with manufacturers?—A. Yes.

*By the Chairman:*

Q. Would that be the same in the flour milling business?—A. I would not say with regard to the export of flour at the present time that the American millers are larger than the Canadian. I would have to look that up. There are some very large milling interests over there such as Washburn and Crosby and Pillsbury.

[Mr. W. T. Marlow.]

*By the Chairman:*

Q. Take wheat. Have they got many larger houses than Richardson's?—A. The greater part—I would say fully 75 per cent of the grain shipped out of Canadian ports is controlled in New York.

Hon. Mr. STEVENS: Shipments from the United States ports will not, of necessity, be greater than the individual exports of grain from our ports. If the grain is shipped by the same individuals via Montreal as via New York the individual shipments or the individual exporters may be just as large when the grain moves by our ports as when it moves by the United States ports. Am I not right?—A. I am rather puzzled at your question.

Q. Give me the name of a big American shipper of wheat.—A. Barnes-Ames.

Q. Will they ship as much out of the St. Lawrence route as via New York?—A. No, they will not.

Q. Is Barnes-Ames bigger than Richardson?—A. Yes Julius Barnes was chief head of the wheat corporation.

*By Mr. Symington, K.C.:*

Q. You do not suggest that he is a bigger exporter than Richardson?—A. Yes, I think I do.

Q. I think you are wrong. I ought to know something about that.

Hon. Mr. STEVENS: Let us reduce it to actual facts.

The CHAIRMAN: Mr. Montgomery was endeavouring to show that the exports from American ports were not only greater in volume, which we would expect, but that the individual shippers were in a very much larger way of business than Canadian exporters. I was just doubtful of that general statement because it would seem to me—perhaps I am incorrect—that as far as flour and wheat were concerned, probably our individual exporters of these products were as big as the exporters in the United States.

Mr. MONTGOMERY, K.C.: Our natural resources are our chief exports where that would probably be the case but my attention was drawn to the subject by the numerous instances which my learned friend read where the Canadians had protested against the decrease in rate, reduction in rate on some manufactured product and I was trying to picture what the result would be if the large American exporters of these things was able to get a lower freight rate than the Canadian exporter and that apparently would be the case were it not for this Conference.

Mr. SYMINGTON, K.C.: The Canadian can ship by New York.

Mr. MONTGOMERY, K.C.: What I suggested to the witness was that something Canadian was bound to suffer by that, either the Canadian shipowner or the Canadian shipper, that if the traffic was diverted to New York it would be our carriers and our ports and everything else that would suffer. If the traffic could not be diverted to New York and had to be exported by our Canadian lines it would be the shipper or the manufacturer who would suffer. That is the thought I had in mind.

The CHAIRMAN: It would be against the interests of everyone to have freights out of New York generally lower than freights out of Montreal.

*By Mr. Montgomery, K.C.:*

Q. Were it not for the Conference would that not be the likely result?—A. I would think if we had no relationship with the United States port lines and a rate war ensued they could put us out of business.

[Mr. W. T. Marlow.]



Q. Well now, then we will assume that you had to meet the American port rate; then if that rate was an uneconomic one the Canadian shipowner suffers?—A. That is so.

Q. If that results in a reduction in our ocean service from Canada the Canadian ports suffer?—A. The Canadian ports suffer.

Q. Where does that lead us to as to our conclusion as to which is likely to get the advantage of any arrangement with American shipping by which the stability of rates is maintained between North Atlantic ports?—A. I think there is a decided advantage to both the Canadian shipper and the Canadian shipowner.

Q. Apart from any theorizing as a Member of this Committee and as a representative of this Conference for several years, what can you say as the result of your experience along these lines? Is that because you have given merely a theory or the result of practical experience along these lines and the conclusion you have formed?—A. That is my opinion from my experience.

Q. Based upon an experience extending over the number of years you have described?—A. Yes.

Hon. Mr. McMURRAY: Is it your contention, Mr. Montgomery, that it is in the interest of this country that rates should be kept up.

Mr. MONTGOMERY, K.C.: That rates should be stabilized between North Atlantic ports and Canadian.

Hon. Mr. McMURRAY: That is your argument?

Mr. MONTGOMERY, K.C.: Yes. That rates should be stabilized as between the two. The question as to whether they should be kept up or not is a question of figures because I do not think anyone would argue they should be put down to a basis where they would not yield a fair profit to the shipowner, because eventually that will re-act against the trade, as an economic proposition, but the question as to whether they are too low or too high will be verified by the accountants. The thought was only suggested by the effort my learned friend was making to show a number of occasions on which Canadians had apparently protested against such reductions on ocean rates on manufactured products.

*By Hon. Mr. McMurray:.*

Q. Is there more shipping out of New York in the summer months than there is out of Montreal in the summer season?—A. Most decidedly.

Q. How much larger, do you know?—A. I would say easily five times as large.

*By Mr. Symington, K.C.:.*

Q. There are five times as many boats too and twenty times as many people who ship?—A. Yes.

*By Mr. Montgomery, K.C.:.*

Q. My learned friend has asked both to-day and yesterday about the difference in rates from North Atlantic ports, distinguishing between United Kingdom ports and Continental ports. You have told us of the determination of the Germans to drive shipping interests out of the Continental ports.

Mr. SYMINGTON, K.C.: Of your information.

Mr. MONTGOMERY, K.C.: My learned friend says "of your information". Is there any difference of opinion about that among the people who know?—A. I think in Mr. Cleminson's examination in chief—and I would say that he is a fair authority on that—that was brought out, and that is my opinion also. I do not think there is any question about it.

[Mr. W. T. Marlow.]

*By Mr. McKay:*

Q. Do any of the shipping lines receive a Government subsidy?—A. I am not able to answer that.

Q. Can you answer it specifically?—A. I say I cannot answer it specifically.

*By Mr. Montgomery, K.C.:*

Q. In addition to this as a factor, is there any difference in the port charges—

Sir EUGENE Fiset: There was mention of simply Continental ports between themselves. They have no reference whatever to traffic as between the United States and Canada. He mentioned Antwerp, Hamburg, and also Liverpool and United Kingdom ports. We did not get any difference as between the United States and Canada.

The CHAIRMAN: I did not quite get that.

Sir EUGENE Fiset: When Mr. Cleminson gave his evidence he discussed traffic between the different U. K. countries. He did not mention Canada and the United States at all.

Mr. MONTGOMERY, K.C.: Mr. Marlow mentioned Mr. Cleminson's evidence and in his evidence Mr. Cleminson was discussing rates between Continental ports only. He did not discuss the rates between England and Canada nor the United States so therefore, the reference to Mr. Cleminson has hardly any bearing on the question. You are referring to Mr. Cleminson's evidence, Sir Eugene.

Sir EUGENE Fiset: Yes.

Mr. MONTGOMERY, K.C.: Mr. Mackenzie tells me that Mr. Cleminson said the cost was 67 per cent higher in the U. K. ports than in the Continental ports. That is what I was coming to.

Mr. DUFF: We do not discuss matters between British and Continental ports. Our subject is as to matters between British ports and Canada and the United States.

Mr. MONTGOMERY, K.C.: As I understand it the criticism is that the charges are lower between the North Atlantic Canadian or American ports to the Continent than they are to London or Liverpool.

Mr. SYMINGTON, K.C.: The other way on.

Mr. MONTGOMERY, K.C.: They are lower to a Continental port than they are to Liverpool.

Mr. SYMINGTON, K.C.: That is not the charge. The charge is that they are higher to the United Kingdom.

Mr. MONTGOMERY, K.C.: If you attach importance to the distinction, Mr. Symington, I will let you develop it.

The CHAIRMAN: Proceed now, Mr. Montgomery.

*By Mr. Montgomery, K.C.:*

Q. A reference has just been made to a difference in port charges. Is that a factor as well in the United Kingdom vs. Continental Ports?—A. It is a decided factor. I have some figures here which might be of interest to the Committee, on the relative costs of loading and discharging at United Kingdom and Continental Ports. The first are the comparative costs of loading 1,000 freight tons of general cargo at United Kingdom and Continental Ports, on a steamer of 5,000 tons net register.

United Kingdom Ports, London cargo charges—that is stevedoring and so on— $3/5\frac{1}{4}$  per freight ton. Port charges 10/1. Total  $13/6\frac{1}{4}$ . Liverpool.

[Mr. W. T. Marlow.]

The CHAIRMAN: It would be better to compare London with a Continental Port so that we can contrast the one with the other.

The WITNESS: I think it might be clearer, Mr. Chairman, if I read the United Kingdom Ports and then put the Continental against it the way I have it in the statement here.

Hon. Mr. STEVENS: Why not transcribe it in Hansard, the way it is.

The CHAIRMAN: I think the Committee will want to hear it read.

Sir EUGENE FISET: Oh yes, read it out first.

The CHAIRMAN: If you do not mind, compare London with Hamburg, Liverpool with Rotterdam, and so on, so that we will get the idea as we go along.

The WITNESS: Well, I have finished London then. This is for loading. The total charges, at London, are  $6/6\frac{3}{4}$ , or practically 7/-. Taking Hamburg, as against that. Cargo charges  $2/3$  per freight ton. Port charges  $5/9\frac{1}{4}$  per freight ton; total charges  $8/0\frac{1}{4}$ . There is a difference of 5/- a ton right there.

Liverpool:

Cargo charges . . . . .	4/2 $\frac{3}{4}$
Port charges . . . . .	8/7
Total . . . . .	12/9 $\frac{3}{4}$

Taking Rotterdam against that:

	Per freight tons
Cargo charges . . . . .	2/10
Port charges . . . . .	4/3
Total . . . . .	7/1

Glasgow:

Cargo charges . . . . .	4/1 $\frac{1}{2}$
Port charges . . . . .	6/10 $\frac{3}{4}$
Total . . . . .	11/0 $\frac{1}{4}$

Antwerp:

Cargo charges . . . . .	2/4
Port charges . . . . .	2/4 $\frac{1}{2}$
Total . . . . .	4/8 $\frac{1}{2}$

Now underneath that is the comparative cost of discharging 3,000 tons of freight at United Kingdom and Continental ports from a steamer of 5,000 tons net register.

The CHAIRMAN: I see that that is Calcutta cargo. Is that of real interest to us?

Mr. DUFF: No, just take the Transatlantic ports.

The WITNESS: No, Mr. Duff, I think you have misunderstood. The cargo that was taken was the cargo of a steamer from Calcutta, but as regards illustrating the comparative costs, it does not make any difference where the steamer comes from, because it is the same cargo in each port.

Hon. Mr. STEVENS: Since it is the same cargo in each port, it does not make a bit of difference.

The CHAIRMAN: It would be very interesting for us to know the difference of cost of handling in Great Britain a typical cargo from Canada, rather than from Calcutta.

Mr. MONTGOMERY, K.C.: Does it make any difference if you take the same cargo from both? I can understand if you compare a cargo of one type with a cargo of another type, the record might be misleading, but if you take the same cargo it does not matter whether it is one thing or the other in reference to the port charges.

[Mr. W. T. Marlow.]



Hon. Mr. STEVENS: You are comparing United Kingdom ports with Continental ports, in port charges. It does not make any difference what cargo you are handling, as long as it is the same in both cases.

Mr. DUFF: Why deal with freight rates to or from Calcutta or charges on Calcutta cargoes?

Hon. Mr. STEVENS: He is not. It simply happens that this cargo came from Calcutta. The nature of the cargo makes no difference as long as the same is used in both cases.

Mr. SYMINGTON, K.C.: My instructions are that it makes all the difference in the world.

Mr. MONTGOMERY, K.C.: Where did you get your instructions?

Mr. SYMINGTON, K.C.: I received my instructions from Sir William Petersen, and he says it makes all the difference in the world.

Mr. MONTGOMERY, K.C.: We do not seem to be in agreement with Sir William Petersen on anything that we touch in this Committee.

The CHAIRMAN: Mr. Montgomery, let me make this suggestion: if for instance there were equal elevator facilities for handling grain at London or at Rotterdam, we might have an approximation of costs at both those ports.

Mr. MONTGOMERY, K.C.: For grain.

The CHAIRMAN: Yes, for grain; and it seems to me although I am quite willing that this statement should go in, that a comparative statement of the same sort, made in respect to cargo shipped to and from Canada, would be of very much more value to us.

Hon. Mr. STEVENS: Mr. Chairman, why not let them put in this statement now, because all that I am interested in for the moment is the port charges in these two districts. Then let the witness or some other witness produce a typical Canadian cargo, lumber, wheat, flour, or such like, only let it be the same on both sides of the comparison.

The CHAIRMAN: Exactly. I am quite willing.

Hon. Mr. STEVENS: Then let us go on with this. I think this is a very excellent comparison.

The WITNESS: It gives you a good idea on general cargo.

The CHAIRMAN: Go on then. We will follow Mr. Stevens suggestion, which is a wise one.

*By Mr. Duff:*

Q. In these figures you are giving you are taking cargo that has originated in Canada or the United States and goes direct to the United Kingdom and Continental ports?—A. That is what we are going to do. I understand that we are to get that for the Committee.

Q. You are not giving us now port charges where the ship first calls in England and then goes to a Continental port or vice versa, where she pays two port charges?—A. No, we are not giving you the actual charges of any vessel. We are giving you the rate per ton.

Q. If a ship puts in at both Southampton and Cherbourg and pays two sets of port charges, she could go direct to Cherbourg and have only one port charge to pay.

The CHAIRMAN: This is only one port charge at each end.

The WITNESS: United Kingdom ports is the heading of this.

	Per freight tons
London:	
Cargo charges.. . . . .	3/9
Port charges.. . . . .	3/1
Total.. . . . .	6/10
Hamburg:	
Cargo charges.. . . . .	1/5
Port charges.. . . . .	3/2 $\frac{3}{4}$
Total.. . . . .	4/7 $\frac{3}{4}$
Dundee:	
Cargo charges.. . . . .	1/10
Port charges.. . . . .	3/10
Total.. . . . .	5/8
Rotterdam:	
Cargo charges.. . . . .	1/11 $\frac{1}{2}$
Port charges.. . . . .	1/8 $\frac{1}{2}$
Total.. . . . .	3/8
Antwerp:	
Cargo charges.. . . . .	1/1
Port charges.. . . . .	9
Total.. . . . .	1/10

The CHAIRMAN: We will produce this as Exhibit Number 48, and I will order it printed, because I think it is of real value.

*Exhibit No. 48: Comparative costs of loading and discharging freight in United Kingdom and Continental ports (Steamer of 5,000 tons net register).*

# EXHIBIT No. 48

Filed by Mr. MARLOW

## COMPARATIVE COSTS OF LOADING 1,000 FREIGHT TONS OF GENERAL CARGO AT UNITED KINGDOM AND CONTINENTAL PORTS ON A STEAMER OF 5,000 TONS NET REGISTER

United Kingdom Ports		Continental Ports	
	Per freight ton		Per freight ton
London—		Hamburg—	
Cargo charges.. . . . .	3/5 $\frac{1}{2}$	Cargo charges.. . . . .	2/3
Port charges.. . . . .	10/1	Port charges.. . . . .	5/9 $\frac{1}{2}$
Total charges.. . . . .	13/6 $\frac{1}{2}$	Total charges.. . . . .	8/0 $\frac{1}{2}$
Liverpool—		Rotterdam—	
Cargo charges.. . . . .	4/2 $\frac{1}{2}$	Cargo charges.. . . . .	2/10
Port charges.. . . . .	8/7	Port charges.. . . . .	4/3
Total charges.. . . . .	12/9 $\frac{1}{2}$	Total charges.. . . . .	7/1
Glasgow—		Antwerp—	
Cargo charges.. . . . .	4/1 $\frac{1}{2}$	Cargo charges.. . . . .	2/4
Port charges.. . . . .	6/10 $\frac{1}{2}$	Port charges.. . . . .	2/4 $\frac{1}{2}$
Total charges.. . . . .	11/0 $\frac{1}{2}$	Total charges.. . . . .	4/8 $\frac{1}{2}$

**COMPARATIVE COST OF DISCHARGING 3,000 FREIGHT TONS OF CALCUTTA CARGO AT UNITED KINGDOM AND CONTINENTAL PORTS FROM A STEAMER OF 5,000 TONS NET REGISTER**

United Kingdom Ports		Continental Ports	
	Per freight ton		Per freight ton
London—		Hamburg—	
Cargo charges.. . . .	3/9	Cargo charges.. . . .	1/5
Port charges.. . . .	3/1	Port charges.. . . .	3/2½
Total charges.. . . .	6/10	Total charges.. . . .	4/7½
Dundee—		Rotterdam—	
Cargo charges.. . . .	1/10	Cargo charges.. . . .	1/1½
Port charges.. . . .	3/10	Port charges.. . . .	1/8
Total charges.. . . .	5/8	Total charges.. . . .	3/8
		Antwerp—	
		Cargo charges.. . . .	1/1
		Port charges.. . . .	9
		Total charges.. . . .	1/10

*By the Chairman:*

Q. May I ask you, Mr. Marlow whether these figures in Exhibit 48 are your own compilation?—A. No, these are figures that we obtained from England, from a ship-owner in England who handles such ships.

Q. Now you will get us as soon as you can, a similar statement showing precisely the same information in respect to typical Canadian ships with typical Canadian cargoes trading out of Canadian ports to United Kingdom and Continental ports, and return cargoes.

Mr. JOHNSTON: Mr. Chairman, should we not know the ship-owner who supplied these figures?

*By the Chairman:*

Q. Could we get that, Mr. Marlow?—A. I can supply that. I don't think there would be any difficulty.

Mr. RINFRET: Will the new Exhibit that you have asked for, Mr. Chairman, also be embodied in the record?

The CHAIRMAN: Yes, that will be put in, the same as we will put this one in.

Sir EUGENE Fiset: If these port charges are such an important item in the fixing of rates, how can we accept the statement that has been made that it is sometimes cheaper to send goods from the United States to a Continental port, pay the dock charges there, and then send to England and pay the dock charges there, and still pay less for the transportation of those goods than if shipped direct to England?

Mr. MONTGOMERY, K.C.: In the same way, Sir Eugene, as in the case of the considerable drop in the duty on tweeds. The buyers in Montreal who had the goods lying in bond there, shipped them back to the Old Country, paying the ocean freight on them, and then shipped back and re-imported here, again paying the ocean freight, all to save the difference in duty on the value. The ocean freight is nothing compared with the other.

*By Mr. Duff:*

Q. How do port charges at London and Liverpool compare?—A. London is very expensive as compared with Liverpool. You go up the Thames and there is lighterage and a variety of docks miles apart.

Sir EUGENE Fiset: In the case I referred to, they shipped goods to Antwerp, and then sent them on to England and the total rate was cheaper



than if they had been sent direct to London. Of course that is the general freight rate and not only the port charges.

Hon. Mr. STEVENS: It would be interesting, General, to know the magnitude of such a movement.

Sir EUGENE Fiset: It was asbestos, a bulky cargo.

Hon. Mr. STEVENS: If it was a general movement, it would be appalling.

The CHAIRMAN: There are substantial shipments.

Sir EUGENE Fiset: These were shipments of asbestos.

*By Mr. Symington, K.C.:*

Q. To get this cleared up, do I understand that these differences shown of six at London and four at Hamburg are per ton?—A. Per ton, yes.

Q. This is on a thousand ton cargo. The difference of a shilling a ton would not make much difference in the rate?—A. No.

Mr. SYMINGTON, K.C.: It makes a tremendous difference to the chap who sells your commodity, but not to the chap who sells you the rate.

Mr. MONTGOMERY, K.C.: Anything that affects our costs makes a difference.

Mr. SYMINGTON, K.C.: But one shilling per ton does not mean ten cents per hundred.

Sir EUGENE Fiset: The rate per ton from Montreal to Antwerp is \$2.50 per Maritime ton, and the rate from Montreal to England is seventy shillings per hundred Eastbound and forty shillings per hundred Westbound, or \$15.68 per ton to British ports. It is simply impossible to understand it.

The CHAIRMAN: What do you say the difference is between Continental and British ports?

Sir EUGENE Fiset: \$3 and \$15.

The WITNESS: I was asked by the Committee yesterday to produce certain rates on asbestos. I can now give them, and perhaps they will answer the General's question. Montreal to Liverpool, Fibre up to 70 feet 60 cents per 100 pounds; over 70 feet 80 cents per 100 pounds. Asbestos, crude and sand 50 cents per 100 pounds. Montreal to Antwerp, Fibre up to 70 feet 55 cents per 100 pounds; over 70 feet, 75 cents per 100 pounds. Crude and sand, 45 cents per 100 pounds. From New York to Antwerp, the same. From Antwerp to New York and Montreal, 35 shillings for 40 cubic feet.

Mr. MONTGOMERY, K.C.: Perhaps they are confusing the cubic feet.

*By Hon. Mr. Stevens:*

Q. Whose rates are you giving us now—Conference rates?—A. Yes, Conference rates.

Q. To-day?—A. Yes.

Q. In force now?—A. In force now.

*By Sir Eugene Fiset:*

Q. How old are your figures, Mr. Marlow?—A. They are to-day's. I had them telephoned from Montreal, with the object of answering the enquiry made here yesterday.

Q. The quotations I have are from the C.P.R., the White Star, the Dominion, and the Robert Reford Line.—A. On 70-foot Fibre, that would work out from Antwerp to Montreal at the rate of 35 shillings per 40 cubic feet, in the neighbourhood of 48 to 50 cents per 100 pounds. But I do not know of any return movement of asbestos fibre, unless it might be, as described in the tariff, in cases, and I would fancy that it has undergone some refinement or process of manufacture.

[Mr. W. T. Marlow.]

Sir EUGENE Fiset: That is what I quoted, the manufactured product.

*By Mr. Montgomery, K.C.:*

Q. You were dealing with some of the factors that went into the lower rate sometimes prevailing in favour of the continental ports as contrasted with the United Kingdom ports. Have you anything more to say upon the subject, Mr. Marlow?—A. Continental competition vs. British competition?

Q. Yes?—A. I would like to give the Committee, in better words than I can express it, what I think of the question of continental competition. I am giving it from a report made by Sir Frederick Lewis, who is at the head of the Furness-Withy Company, who are decidedly involved in this question of ocean rates. Sir Frederick says:—

“There is one phase of the Preston report which I think deserves attention, and that is the question of continental competition. It is unfortunately true that through force of circumstances British steamship lines are accepting lower rates of freight from continental ports than from home ports, but so far from this being a settled policy of discrimination, it is a state of affairs against which the steamship lines are striving daily. As in practically all cases of controversy, it is necessary to review the historical aspect of the matter, in order to get a proper perspective. Unfortunately it is no new problem, as it has always existed in greater or less degree, but the present situation is aggravated by post-war factors. Immediately after the war was over there was a general anticipation that there would be great activity from certain of the continental ports which had been entirely closed during the war, and in consequence many new lines came into the trade. For the first year or so freights were good owing to the general shortage of tonnage, and moreover these new continental owned lines in the majority of cases were able to operate very cheaply owing to depreciating currencies. Gradually, however, the situation underwent a change, the supply of tonnage exceeded the demand for space, and world freights became unremunerative, and as a result some of the new continental lines lost so much money that they disappeared. Some, however, have remained and others have appeared, and these lines have endeavoured to maintain their position by quoting rates of freight which are far below an economic level. In order to maintain their goodwill in these trades, the Conference Lines, British and foreign alike, have had to meet what is in effect a rate cutting competition. At one stage the rates that were accepted were actually less than the bare cost of handling the cargo in and out of the ships, leaving nothing for the transportation service. In a great many cases where statements have been made by British manufacturers that they have lost foreign orders on account of cheaper freights obtainable from the continent, it has unfortunately been shown that the freight represents such a comparatively small percentage of the C.I.F. value of the goods that it has had no practical bearing upon the result, and that the orders would in any case have gone to continental manufacturers.

It is also true to say that the steamship expenses at the continental ports are much cheaper than in the United Kingdom, the difference representing several shillings per ton, particularly if the time occupied in loading and discharging is taken into account, and this has an important bearing upon the freight situation; but the basic fact remains that the existing rates are below an economic level, and to reduce all rates to that level would make matters worse than they are.

It is obvious that steamers cannot continue to trade if they are expected to carry cargoes at rates which do not cover the costs of

operation, and the remedy for the continental situation is the levelling up of the continental rates, which is gradually taking place, coupled with a general reduction in expenses at the United Kingdom ports, for which your directors have been working very strenuously for the past two years."

The WITNESS: I think it is well for the Committee to know what are the facts in connection with the difference between the United Kingdom and continental rates.

The WITNESS: I have read all I want to quote.

The CHAIRMAN: He said at the beginning that he would like to give the Committee, in better words than he could express it, what he thought of the question of Continental competition. I think he spoke with undue modesty.

The WITNESS: Furthermore, it rather substantiates what I said yesterday, and what Counsel for the Government questioned in that report quoting the representative of the Shipping Board. I said that there was a rate cutting competition in the Continental trade, yesterday.

*By Sir Eugene Fiset:*

Q. Particularly from Germany?—A. Particularly from Germany.

*By Mr. Montgomery, K.C.:*

Q. Have you finished with that statement?—A. Yes, thank you.

Q. While we are dealing with comparative rates, considerable attention was given yesterday to the butter rate, New Zealand vs. Canadian ports to the United Kingdom. Have you looked that matter up at all, Mr. Marlow?—A. Yes. I have been making some enquiries from some of the shipping gentlemen from the other side, and I find, as I stated, that the Lines in the trade from New Zealand to the United Kingdom employ fully insulated vessels. A fair example of one is the Maioma. That vessel has 322,805 cubic feet of insulated space, in other words refrigerator space.

*By Mr. Rinfret:*

Q. Can you say when she was built?—A. In 1920.

Q. The reason I put that question is that yesterday we were given to understand that these ships were built before the war.—A. I did not know that, Mr. Rinfret.

Q. I was just trying to make this point, that surely these insulated ships would cost more than ordinary ships, and that therefore it was rather surprising that the rate could be the same as the rate charged from Canadian ports?

Mr. MONTGOMERY, K.C.: It did look rather surprising at first, and that is why I have asked Mr. Marlow to give the explanation.

Mr. RINFRET: I hope we can get the explanation. The reply was that the ship was built before the war and at low cost.

The CHAIRMAN: I think he stated it might have been.

Mr. RINFRET: Yes. I am not inferring that the information was mis-given, but the reply would not apply to that ship at all.

Mr. MONTGOMERY, K.C.: I would think any one would concede that a ship of that kind might well cost more than the ordinary ship.

Mr. RINFRET: That is why I asked about the rates.

Sir EUGENE FISET: The name of the ship might have been mistaken.

The WITNESS: May I proceed?

The CHAIRMAN: Yes, proceed with diligence.

[Mr. W. T. Marlow.]



**THE WITNESS:** That is the class of ship in the trade between New Zealand and the United Kingdom. I understand they have probably weekly service. I understand their cargoes are fairly full of of this class of cargo requiring refrigerator space, and paying comparatively high rates of freight. My information further is that the shippers, through co-operative societies or associations, enter into contracts with the shipping companies whereby they engage to pay for the space whether the shipments go forward or not. I am informed further that the rate on cheese in the refrigerator space is 170 shillings per ton of 2,240 pounds, the equivalent of \$1.80 per 100 pounds, roughly, and that the rate on butter is \$1.50 per 100 pounds.

*By Mr. Montgomery, K.C.:*

**Q.** That seems rather an anomaly?—**A.** It would seem an anomaly that the rate on cheese is higher than the rate on butter, but if you consider as a possible explanation that these ships are fully refrigerated, and that the majority of the cargo they carry perhaps consists of frozen mutton, carcasses of rabbits, and butter and other commodities requiring for the most part frozen temperatures, that the smaller portion would require the higher temperature which would be necessary for the preservation of cheese.

**THE CHAIRMAN:** You would think that would make cheese lower, because you would not have to keep the temperature down so low.

**THE WITNESS:** Not if the whole ship is fitted to give you the frozen temperature.

**MR. SYMINGTON, K.C.:** That would be a mechanical matter, and you do not know whether it can be done or not.

**THE WITNESS:** We know it can be done.

**THE CHAIRMAN:** However, what we are worried about is not so much the difference between the rates on butter and cheese, but why it should cost the fellow who produces butter say in the Eastern Townships of Quebec—Mr. Montgomery, for instance, is a farmer; why should butter made from his cows, going from Montreal, have to pay \$1.50 a hundred when his competitor in New Zealand is able to send his butter at the same price. You owe an explanation to your counsel.

**MR. MONTGOMERY, K.C.:** I develop a home market, Mr. Chairman.

**THE WITNESS:** We would probably be in a position to make Mr. Montgomery a lower rate on butter if he would guarantee the quantity and pay the freight whether he shipped or not.

*By Mr. Duff:*

**Q.** Would it not be well for us to know the refrigerator space in these boats leaving Montreal?—**A.** I will give you that.

**MR. FLINTOFT:** Has he finished his answer? He was going to make some explanation.

*By Mr. Montgomery, K. C.:*

**Q.** You have the figures available which Mr. Duff asked for as to refrigeration space?—**A.** Yes, but I do not know what I have to say in addition to the question where I was interrupted.

**MR. DUFF:** Go ahead; never mind me; I will ask for that later on.

**MR. MONTGOMERY, K.C.:** I think it cannot come at a more convenient time.

*By Mr. Montgomery, K. C.:*

**Q.** You have given us the space on the ship you described. For comparison, suppose you give us similar figures for typical C.P.R. ships.—**A.** The Canadian Pacific ships have about 37,000 cubic feet of refrigeration space.

[Mr. W. T. Marlow.]

Q. What was the other figure on that New Zealand boat?—A. That New Zealand boat had 322,000, or about ten times as much.

*By Mr. Duff:*

Q. So that if you got ten times as little cargo as the New Zealand boat, you would not be out anything by the fact that you both had refrigerator space?—A. We would be in the same position as the New Zealand boat.

*By Mr. Montgomery, K. C.:*

Q. Now take the ship as a whole. You agree with Mr. Duff as to that particular feature?—A. Yes, I do.

Q. Now take the ship as a whole, and the class of cargo; how is that, from a freight point of view, as compared with the class of cargo with which your ship will be loaded on a typical Canadian voyage, such as one on which butter is carried?—A. Do you mean what percentage?

Q. No, the class of cargo generally, which would permit the rate to be made.

Sir HENRY DRAYTON: A comparison of the loadings is what you want.

*By Mr. Montgomery, K.C.:*

Q. You have mentioned that these refrigerated boats carry butter, frozen meats, and that sort of thing?—A. That is it.

Q. What class of cargo is that, from a freight point of view?—A. It is a very high class, high paying cargo.

Q. Take the corresponding boat of the C.P.R., which has the refrigerator space which you have given. Would she have probably the same class of cargo?—A. She would have perhaps 60 per cent grain and flour, a low class of cargo.

Q. Then, if you could fill your ship—

Sir EUGENE Fiset: What is the space again?

Mr. MONTGOMERY, K.C.: 322,000 feet.

*By Sir Eugene Fiset:*

Q. Is it divided into chambers?—A. Usually in the holds of the vessels.

Q. You said yesterday seven times the cubic feet was inside the chambers?—A. It is in the type of vessel employed in the Canadian trade.

Q. That is the type you are describing now?

Mr. FLINTOFF: No, that is the New Zealand boat.

*By Mr. Montgomery, K.C.:*

Q. If you could fill your ship with the class of cargo with which the New Zealander fills his ship, would it make any difference in the rates?—A. Decidedly.

Mr. MONTGOMERY, K.C.: That is right, Mr. Duff, is it not?

Mr. SYMINGTON, K.C.: I would not say so.

*By Mr. Duff:*

Q. If you had no insulation on your ship at all, your gross freight would not be nearly as much, would it?—A. Sometimes it would be more.

Q. Not with grain and so on?—A. No, but when you have a portion of your ship insulated, that portion is not very much good for other cargo not requiring refrigeration, so that that space in the ship is lost if there is not sufficient demand to fill it, and there is no other cargo suitable for that space.

*By the Chairman:*

Q. If there is not sufficient demand to fill it with refrigerator cargo?—A. No.

[Mr. W. T. Marlow.]

*By Mr. Duff:*

Q. Is not the butter rate higher than the ordinary rates?—A. Yes.

Q. For the space taken in the ship?—A. Yes.

Q. And you usually have your chambers filled with this cargo?—A. No, we do not. That is the unfortunate part of it.

Q. You do not fill the 37,000 cubic feet?

*By Mr. Montgomery, K.C.:*

Q. Can you give us any figures to show what percentage butter represents of your cargo?—A. In taking all the Canadian Pacific cargoes for 1924, butter represented .35 of one per cent of the cargo, one-third of one per cent of the cargo.

The CHAIRMAN: I presume, Mr. Montgomery, that calculation is made upon all ships, whether insulated or not?

Mr. MONTGOMERY, K.C.: We have no insulated ships here.

The CHAIRMAN: All ships, whether they have refrigerator space or not?

Mr. MONTGOMERY, K.C.: If you will wait, he will give you the figures and the percentages of the space occupied and unoccupied.

*By Mr. Duff:*

Q. Then why do you have your insulated space?—A. We have to have the refrigerator space to take care of the demand when it is fully in demand, which are the summer months of the year in the North Atlantic, but in the winter season we do not need the refrigeration in the North Atlantic.

Q. Of course, you are at a disadvantage there.—A. For several months of the year, do you see.

Q. But you can fill that space with other goods?—A. Not always.

Q. You do not lose the space entirely?—A. It is unfitted for many classes of cargo.

Q. There are many classes you are able to put in there?—A. There are some classes.

Hon. Mr. STEVENS: Before passing from this,—I do not want to interrupt you, Mr. Symington, but I would like before we leave this subject to ask a question or two.

*By Mr. Duff:*

Q. Do the New Zealand ships always have a full cargo?—A. I understand they have full cargoes usually.

Q. I understand you to say you do not always have your 37,000 cubic feet filled, but you think they have their 322,000 cubic feet full?—A. I would not say they always have them exactly full.

Q. Likely some times they go without a full cargo, though, so they would be in the same position as you?—A. No, because they have a ship fitted for a very much higher class of cargo, and they do carry a very much higher class of cargo all round.

*By Mr. Montgomery, K.C.:*

Q. I understand, Mr. Marlow, from what I have read of the Imperial Shipping Committee's proceedings, that the space is contracted for; they enter into contracts?—A. I mentioned in the first part of my evidence that the ship-pers contract to pay for any space unoccupied in these ships.

The CHAIRMAN: They make a firm contract for the space.

Mr. SYMINGTON, K.C.: For a certain amount of space.

Mr. MONTGOMERY, K.C.: The full ship.

[Mr. W. T. Marlow.]



The CHAIRMAN: Perhaps you have a lot of these figures, and we may be anticipating questions you are going to ask.

*By Mr. Duff:*

Q. Mr. Marlow, you have told us that the butter is one-third of one per cent of the total cargo. Do you know how much space butter takes up in the New Zealand boats?—A. No, I have not those figures. You mean what relation the butter bears to the whole cargo?

Q. Yes?—A. I have not got that.

*By Mr. Montgomery, K.C.:*

Q. But, in any event, the ships—and you are speaking entirely from the information which you have—carry throughout a fairly high-class cargo?—A. Yes. I would say it is something like this; that the cargo, or probably two-thirds of it, would be made up of such cargo requiring insulation, and it would not matter if it were frozen mutton, or frozen rabbits, or butter, or whatever cargo it might be.

Mr. DUFF: What is the rate on mutton?

Mr. MONTGOMERY, K.C.: I think Mr. Symington has that.

Mr. SYMINGTON, K.C.: What was it you wanted, Mr. Duff? The rate on beef or mutton?

Mr. DUFF: Mutton.

Mr. SYMINGTON, K.C.: Mutton is one and one-eighth pence per pound.

The WITNESS: Yes, that is right.

*By Sir Henry Drayton:*

Q. What?—A. One penny and one-eighth per pound—a penny and half a farthing per pound.

Mr. DUFF: That is \$2 per hundred.

Mr. SYMINGTON, K.C.: Just about.

The WITNESS: No, a penny is two cents.

*By Mr. Duff:*

Q. Two cents a pound would be \$2 a hundred?—A. Yes, and one-eighth more than that.

Mr. DUFF: That is a pretty high rate; it is higher than butter.

Mr. SYMINGTON, K.C.: Yes, it is higher than butter.

Sir HENRY DRAYTON: That would be \$2.25 a hundred.

Mr. SYMINGTON, K.C.: It is higher than cheese.

Mr. DUFF: Mr. Montgomery's point is that it is—

Mr. MONTGOMERY, K.C.: A very high-class cargo.

Mr. DUFF: Yes, a very high-class cargo.

Mr. MONTGOMERY, K.C.: I think that clears up the butter question. I understand Mr. Stevens has a few questions to ask.

Mr. SYMINGTON, K.C.: The members of the Committee would get much better evidence on this subject from the evidence taken in the New Zealand Inquiry of the Shipping Ring. That does not give nearly as favourable a story as Mr. Marlow. They said that they were nearly all losing money; it was being made in other trades, but not in that trade.

Mr. MONTGOMERY, K.C.: It would be about, as one might say, a fortiori "we say, and hope you will believe it." I believe Mr. Stevens wanted to ask some questions in regard to butter.

[Mr. W. T. Marlow.]

The WITNESS: Just one moment, if I may be permitted to interrupt. I want to get it in the record that the Canadian lines for the year 1924, had an average of 48 per cent of their refrigerator space not booked throughout the season.

*By the Chairman:*

Q. Not used?—A. Not used.

*By Hon. Mr. Stevens:*

Q. Not paid for?—A. Not paid for—48 per cent.

Mr. SYMINGTON, K.C.: Not used for any sort of cargo?

*By Mr. Duff:*

Q. No kind of cargo, or not used for butter and cheese?—A. Not used for any kind of cargo. That is a check-up on each ship.

*By Mr. McKay:*

Q. That is for one year?—A. For the year 1924.

The CHAIRMAN: And the butter and cheese people have themselves to blame largely.

*By Mr. Rinfret:*

Q. Was that considered a very poor year?—A. No; last year, I would say, was a typical year as regards the amount of space used in the ships.

Q. You mean on these particular goods, or generally?—A. What particular goods do you mean, Mr. Rinfret?

Q. You were speaking of refrigerator space?—A. Yes; I mean with regard to all perishable traffic it is fairly typical. I only mention these figures to show that probably for one or two months of the year the space may all be in demand, and for the balance of the year you have that space on your hands, averaged over the whole year you find that 48 per cent was not used.

Mr. DUFF: That is not so bad. I am afraid you spoiled your statement. You say that for six months you would have your space filled entirely, and for the other six months you would have none?

The WITNESS: No, I did not say that. I said that for about two months we would have the whole space filled. 48 per cent was not used over the whole period.

*By Mr. Duff:*

Q. For six months you would have the whole space filled, and for six months you would not have any?

Mr. MONTGOMERY, K.C.: I understand there is a very high peak in this refrigerator cargo, and they have to have a refrigerator capacity to take care of that but this high peak does not divide itself so arbitrarily as between summer and winter—six months and six months. Perhaps Mr. Marlow can tell us a little more about that?

The WITNESS: That is true. In July and August there is a big demand for the space; it tapers off both ways after that, and during the winter it is scarcely used at all.

*By the Chairman:*

Q. In the winter time can you use that space for any other class of cargo?—A. You can for some, but you can put very little in there on account of the way the space it situated in the ships. There are the brine pipes and girders and all kinds of obstructions in there and it is not a handy place to store cargo. You enter it by little doors from the hold

[Mr. W. T. Marlow.]

The CHAIRMAN: Mr. Montgomery, can you finish with the witness before six o'clock.

Mr. RINFRET: There is one other question I would like to ask.

The CHAIRMAN: Go ahead, sir.

*By Mr. Rinfret:*

Q. On this point; is there any time in the year when these commodities can be shipped without having to use that space?—A. The Chairman asked me that. As I understand your question, it is as to whether or not we can use this space for other goods?

Q. No, just to the contrary. Can you ship these commodities in any other part of the ship than in those special chambers during a special season—when it is cold, for instance?—A. You would have to divide your cargo into classes to say that. For instance, there is a certain class of bacon and hams which might go in refrigerator space in the summer season, and that will stand ordinary stowage in the winter season, but they pay a lesser rate for that. On the other hand, butter is always shipped in refrigerator space.

Mr. RINFRET: That is my question.

*By Mr. Duff:*

Q. Any time of the year?—A. Yes.

*By Hon. Mr. Stevens:*

Q. What I wished to clear up was in regard to a reference made yesterday to the butter rate from Vancouver being the same as from Montreal. Now, Mr. Marlow, have you any explanation you can give to us, without my going into too much detail, in regard to that?—A. I imagine what happened was that our rate of \$1.50 from Montreal was established, and the Vancouver route met it, regarding it as competitive. We knew nothing whatever about the rate from Vancouver when we made the rate from Montreal.

Q. Do you know anything about the type of cargo shipped from the Pacific Coast to European parts?—A. I would say that a larger portion of the cargo shipped from Pacific ports, through the Panama, requires refrigerator space by reason of the steamers going through the tropics, than in the North Atlantic trade. For instance, goods which might require only ordinary stowage in the North Atlantic trade might require refrigerator stowage when shipped through the Panama Canal from Vancouver.

Q. That is in regard to that class of freight?—A. That is in regard to that class of freight.

Q. As to the whole cargo, the nature of the cargo, have you any information regarding the type of cargo prevailing from the Pacific Coast? Let me put it this way: Are the cargoes from the Pacific Coast largely lumber, wheat and fish, canned fish; heavy cargo?—A. I would think so but I would rather think that they correspond fairly with the class of cargo that goes out of eastern Canadian ports.

Q. Now, the factor was raised or suggested yesterday of distance, that is that the rate from Vancouver would possibly be unfair because it is a greater distance. Now, I think, this factor of distance should be clearly elucidated?—A. I have been thinking about that and nothing can be more misleading than to compare the distance of a voyage with the rate of freight. The actual distance of the voyage is of less importance than the amount of cargo offered, the probability of cargo both ways, the assortment of cargo as between dead-weight measurement, port charges, loading and discharging expenses.

Q. Therefore, you consider—A. As a further explanation to the Committee it should be mentioned that a large part of your overhead is the same, whether

[Mr. W. T. Marlow.]



you are operating on a long voyage or a short voyage. There is the bare expense of the extra steaming time of the ship but the expenses are practically the same.

*By Mr. Symington, K.C.:*

Q. It does not make any difference if you make three trips or eight trips in a year?—A. I do not say that.

Q. That is a factor of distance?—A. I did not say it was not a factor.

Mr. MONTGOMERY, K.C.: It was not an element. He said it was not as determining as many others.

The CHAIRMAN: Let us have Mr. Cleminson now.

Witness retired.

HENRY MILLICAN CLEMINSON, recalled.

*By Mr. Montgomery, K.C.:*

Q. I understand, Mr. Cleminson, there is some information which the Chairman asked for and which you were not able to give at the time, but have looked up since. Will you please place it on the record now?—A. You remember you asked me who the people were who served on the Dominion Royal Commission. I have been able to get some information, although not in full.

I told you that the Chairman was a distinguished K.C., Mr. Arthur Cohen; and the next man whose name appears on the majority report is C. N. Lawrence. That gentleman is now Lord Lawrence of Kingsgate. He was formerly a merchant and is now Chairman of the London and Northwestern Railway Company.

The next, I think, I told you Sir Hugh Bell was an ironmaster, a colliery owner. I also find he is a director of Brunner Mond & Company, the biggest chemical manufacturers in the United Kingdom. I did say he was a director of Dormer, Long & Company big steel manufacturers and exporters. And I also see he is a railway director too.

Mr. W. Thomas Lewis I can find nothing about.

Sir A. E. Bateman, K.C.M.G., was joint manager of the Imperial Institute. That is an Institute in London, which you probably all know about, to encourage Imperial relations. He was Chairman of the Labour Arbitration Courts. At one time he was in the service of the Board of Trade and has been President of the Royal Statistical Society and was responsible for the publication of a Fiscal Year Book in 1903.

Mr. Gonner is a Professor of Economics.

Mr. Maddison I think I said, is a trades Union leader.

Mr. Mitchell is a spinner and manufacturer. It is interesting to notice that he was Vice-President of the Association of Chambers of Commerce for 1907 and 1911. That is interesting because it has been said, in error, that the Association of Chambers of Commerce has favoured control of rates. I have been unable to ascertain anything in corroboration of that. On the contrary I am sure that the Association of Chambers of Commerce does not favour control of rates.

Then, sir, the minority report.

Sir D. M. Barbour is a former civil servant. He has seen distinguished service in India, South Africa, the West Indies and so forth.

Sir John Macdonnell is a law writer and teacher.

Mr. R. Muirhead Collins is a retired Naval officer, who was at one time Secretary in Great Britain for Australia, I think 1906-10.

[Mr. W. T. Marlow.]

Then Sir H. Birchenough. I see he is a director of the British South African Company, but he appears to have spent most of his time serving on various Commissions like the Shipping Ring.

Sir John Barry, I can find no trace of.

*By Hon. Mr. Stevens:*

Q. Who is that last one?—A. Sir John Barry.

Q. He is not the famous bridge engineer, is he?—A. I do not know, sir.

SIR HENRY DRAYTON: Or the novelist.

Witness retired.

The CHAIRMAN: Thank you very much, Mr. Cleminson.

This Committee stands adjourned until Tuesday afternoon the 5th May, at 2.30.

The Committee adjourned.

## MINUTES OF EVIDENCE

COMMITTEE ROOM 276

HOUSE OF COMMONS,

TUESDAY, May 5, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 2.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum and the Committee will please to come to order. Mr. Symington, were you continuing the cross-examination of Mr. Marlow?

Mr. SYMINGTON, K.C.: I do not think Mr. Montgomery had finished.

The CHAIRMAN: He was re-examining, was he not?

Mr. SYMINGTON, K.C.: Yes, sir.

The CHAIRMAN: Just before we begin with the witness, I wish to bring before the Committee copies of resolutions which were conveyed to me by the Minister of Trade and Commerce. One is a copy of a resolution from the Western Stock Growers' Association at Calgary, Alberta, entitled "Ocean Rates" and will be filed as EXHIBIT No. 49. (Not printed.) Another is from the Saskatchewan Live Stock Board, bears date the 20th of April, 1925, is in the form of a letter to the Prime Minister, and will be filed as EXHIBIT No. 50. (Not printed.)

Sir HENRY DRAYTON: Mr. Chairman, I do not know what the practice is, but I should think if the practice does not allow it, the special circumstances of the case I have in mind should command it.

Since we last met, our friend, Mr. Cates, who was sitting behind you, sir, and has been since this Committee has been functioning, has received his call—a very, very sudden and tragic call, and I think you will agree with me, Mr. Chairman, that the very least this Committee can do is to place on record our very, very great sympathy, and our sense of sorrow and loss. We all knew Mr. Cates very well; we knew that he stood for so much that is best in journalism; that he stood, not for the sensational headlines, but for principles which, put into practice, meant a fair and accurate report of all proceedings before this or any other Committee; that he was doing his best to serve his country in the position in which he found himself, and in so doing, by his fairness and generosity of character, he endeared himself alike to all of us.

Hon. Mr. SINCLAIR: Mr. Chairman, will you express the sentiments of this Committee?

The CHAIRMAN: I take it, Sir Henry (Drayton), that you will desire me to express on behalf of the Committee our sorrow at the loss of this faithful journalist, and our desire that the sympathy of this Committee be extended to the members of his family in their sore bereavement. I am sure that all members of this Committee will be at one with me in this expression of sympathy.

Mr. SYMINGTON, K.C.: Mr. Chairman, before going on with the witness, I would like to ask my learned friends if the Cunard and White Star material has arrived. And if the westbound tariffs are here.



Mr. MONTGOMERY, K.C.: The westbound tariffs are here. I understand that the Cunard's have come, but the White Star have not, although it was expected by the same boat as the Cunard. I am just informed that the White Star's arrived in Montreal this morning.

Mr. SYMINGTON, K.C.: May we get that material into the hands of the auditors at the earliest moment?

Mr. MONTGOMERY, K.C.: That was our intention.

Mr. SYMINGTON, K.C.: Will you file the westbound tariffs now?

Mr. MONTGOMERY, K.C.: We will file them now.

The CHAIRMAN: Mr. Montgomery, I think you have some further questions to ask Mr. Marlow.

WILLIAM THOMAS MARLOW, recalled.

*By Mr. Montgomery, K.C.:*

Q. Mr. Marlow, we were asked to file the westbound tariffs. Are the two documents which you have just produced the two westbound tariffs which you received?—A. One is the North Atlantic Westbound Conference rate and freight tariffs from the United Kingdom; the other is the North Atlantic Freight Conference tariff from Antwerp. Those are the only two tariffs we have, in which we are interested.

The CHAIRMAN: They will be filed as exhibits.

EXHIBIT 26A: North Atlantic Westbound rate and freight tariffs from United Kingdom. (Not printed.)

EXHIBIT 26B: North Atlantic Freight Conference Tariff from Antwerp. (Not printed.)

*By Mr. Montgomery, K.C.:*

Q. You were also asked to produce certain information in connection with the relative port charges, the U.K. ports and the Continent, or at the U.K. ports and the Continental ports. Have you been able to get that?—A. We have taken the comparative cost of unloading an eastbound Canadian cargo at London on one of our vessels, and it works out, for port charges 37.6 cents per ton weight; cargo charges, 36.7 cents per ton weight; total, 74.3 cents per ton weight. That same ship, with the same cargo at Antwerp: port charges, 5.4 cents per ton weight; cargo charges, 20.7 cents per ton weight; total, 26.1 cents per ton weight. In comparing these charges with those filed in the general statement of port charges, U.K. versus Continental, the other day, the difference, in that statement filed, London as compared with Antwerp, worked out three and a half times to one; this statement makes it three times to one.

*By the Chairman:*

Q. In favour of Antwerp?—A. In favour of Antwerp. Loading the same ship, westbound, at London, port charges were 2.43 cents per ton weight; cargo charges, 1.34 cents per ton weight; a total of 3.77 cents per ton weight. The same steamer and the same cargo at Antwerp: port charges, 33 cents per ton weight; cargo charges, 44 cents per ton weight; total, 77 cents per ton weight, showing in the westbound port charges five to one in favour of Antwerp. The statement filed the other day showed a proportion of eight to one. These charges do not include anything for superintendence and such general items on the dock. They are the bare port charges and stevedoring expenses.

[Mr. W. T. Marlow.]

*By Mr. Duff:*

Q. What is the reason for the difference between the statement filed the other day and the one filed to-day? There is quite a difference there.—A. The difference is accounted for by the nature of the cargo.

*By Mr. Montgomery, K.C.:*

Q. You do not take Liverpool, do you?—A. We have not a typical case to compare with Liverpool.

Q. Liverpool is much less than London?—A. Liverpool is less than London.

*By Mr. Symington, K.C.:*

Q. And all other British ports are less than London?—A. I think probably London is the most expensive British port.

Q. You work at different docks up and down the Thames?—A. We go to one dock, Surrey Commercial. It is difficult for us to make comparisons at the other ports, for the reason that we serve them with passenger and cargo steamers.

*By Mr. Montgomery, K.C.:*

Q. So that London is the only port you have available, so far as your services are concerned?—A. With cargo steamers only. We have taken a cargo steamer at both ports, London and Antwerp.

*By the Chairman:*

Q. May I just interject this question. How does Antwerp compare with other Continental ports as to expenses, with regard to port charges and stevedoring expense?—A. I have not that information with me, but I rather think Antwerp is the lowest port.

Q. Then are you comparing the lowest Continental port with the highest British port?—A. I am comparing the only typical ports that we can take with our service.

Q. That may be so, Mr. Marlow; there is no reflection intended by my question, but as a matter of fact are you not comparing the lowest Continental port with the most expensive British port?—A. That I cannot answer offhand.

Sir HENRY DRAYTON: I know at the time I looked into it Antwerp was on an exceedingly good basis. Antwerp's flour cost for loading and unloading was away low.

Hon. Mr. STEVENS: So is Hamburg.

Mr. BLACK (Halifax): Hamburg and Antwerp are about the same.

Sir HENRY DRAYTON: I think at about that time I would expect that Antwerp would be lower, owing to the volume.

*By the Chairman:*

Q. Do you know of any British port more expensive than London, Mr. Marlow?—A. I do not know.

*By Mr. Montgomery, K.C.:*

Q. As a matter of fact, are you serving any of the other British ports with cargoes?—A. No, we are not, not with cargo steamers only.

Q. So you are not able to answer the Chairman's question?

The CHAIRMAN: Mr. Marlow knows more than just about his own line.

The WITNESS: Mr. Chairman, in fairness to myself, in respect to port charges, I do not deal with this department very particularly. I have to do more particularly with the freight rates.

[Mr. W. T. Marlow.]

*By the Chairman:*

Q. But in your position, Mr. Marlow, you will have a general knowledge of these matters?—A. That is what it is, a general knowledge.

*By Mr. Montgomery, K.C.:*

Q. Now, I think the next thing you were asked to get out was some statement as to the rate of return per cubic foot which would be necessary to enable the ship to break even, without anything for interest or depreciation. That is right, is it not?—A. The bare operating expense.

Q. Yes. Now, I think if I remember correctly that you told us that was not the actual way in which the thing was figured in practice, and you figured a round sum of dollars as necessary to break even?—A. That is so. The reason for that is that a large portion of our cargo, eastbound, is grain. Sometimes it will be 80 per cent of a ship's cargo, and no one attempts to figure how grain will pay per cubic foot. It is decidedly a weight cargo, and it is figured only on the weight basis. But I have taken one of our vessels that made eight voyages in the year 1924, and we have figured it that she was going 80 per cent fully loaded eastbound, and 40 per cent loaded westbound.

Q. What about those two assumptions that you have made?—A. They are pure assumptions. The point that I wish to make in that regard is that if you come out in ballast westbound, you must necessarily get your earnings for the round voyage eastbound. But taking it on that basis it works out, for the bare operating expense, exclusive of any depreciation or interest, from 9½ cents to ten cents per cubic foot.

*By Hon. Mr. Stevens:*

Q. For each way?—A. For the round voyage, on that basis.

Q. That is each way?—A. That is taking the vessel with 40 per cent of a cargo westbound, and loaded 80 per cent eastbound. If she came out in ballast westbound you would have to get your ten cents per cubic foot on the eastbound voyage, and assuming that the vessel had 400,000 cubic feet, that would mean that she would have to get all these earnings on the eastbound voyage, based on the 400,000 cubic feet.

*By Mr. Kennedy (Glengarry):*

Q. You cannot give us the actual proportion on which you do fix your rates as to eastbound and westbound voyages?—A. We do not fix them on any such unit basis.

Q. Do you take into consideration the earnings of the westbound voyage?—A. We take into consideration only the general result, as reflected in the earnings.

Q. What do you mean by that, "general result"?—A. Just what we expect in the earnings westbound, as against earnings eastbound. You cannot reduce it to a definite figure, either per cubic foot or per ton weight.

Q. You have no definite proportion as to what the eastbound and westbound traffic will have to bear of the operating expenses?—A. No, we have not, on account of the precariousness of the voyages either way. As I said previously, sometimes your voyage westbound will be empty, other times eastbound it will be full.

Q. I should think you would be able, over a year or a term of years, to average it up and come to a fairly accurate basis of proportions?—A. I can best explain, in answer to that question, that taking our own experience for 1924, our vessels went eastbound 80 per cent loaded and westbound 40 per cent loaded, but it varies to and from the different ports. For instance, Liverpool

[Mr. W. T. Marlow.]



is a good westbound cargo port, while London is a poor westbound cargo port, so that what will apply to a vessel in the London service will not apply to a vessel in the Liverpool service.

*By Mr. Montgomery, K.C.:*

Q. As I understand it, the ship's agent here, Mr. Marlow, has an idea of the number of pounds that will be required to pay the operating expenses of the ship on her round voyage?—A. Yes, we have that definitely in mind. Naturally, he figures on trying to get a cargo. He figures on trying to get a cargo, but in the market as we have found it, in the last two or three years, it is positively impossible to make any selection of cargo. When flour is moving we will take flour and we will take grain also. In the old days before the War there were opportunities of selecting your cargo, depending on the carrying capacity of the vessel and the moving capacity of the vessel but with the market as it is to-day, no such selection of cargo is possible.

Q. You were also asked to furnish a list of the steamers and their tonnage, showing the distinction between British and American. I refer to steamers in the North Atlantic Conference.—A. This is a comparison of American versus British ships, the tonnage, net register in the North Atlantic United Kingdom Freight Conference. This is itemized by lines. The result is, American, 34 ships, with net registered tonnage of 149,589 tons, British, 142 ships, with net registered tonnage of 896,380 tons.

*By the Chairman:*

Q. Are all of these ships British Registry registered in Canada?—A. All in the United Kingdom Conference; none of them are registered in Canada.

*By Sir Henry Drayton:*

Q. What about the Mercantile Marine?—A. They are not included in the North Atlantic United Kingdom Conference.

The CHAIRMAN: This will be produced as exhibit 51. I think we should have this printed.

EXHIBIT No. 51. List of British and American Ships with net registered tonnage:

## EXHIBIT No. 51

COMPARISON OF AMERICAN VS. BRITISH SHIPS AND TONNAGE (NET REGISTERED)  
IN NORTH ATLANTIC UNITED KINGDOM FREIGHT CONFERENCE

## AMERICAN

Line	Number of Ships	Net Registered Tonnage
American Merchant Lines.....	13	45,613
International Mercantile Marine Co.....	3	19,866
Oriole Lines.....	17	56,414
United States Lines.....	1	27,696
	34	149,589
BRITISH		
Anchor-Donaldson Line.....	4	26,994
Bristol City Line.....	6	9,022
Canadian Pacific Steamships, Ltd.....	21	146,787
Cunard-Anchor Lines.....	26	229,714
Donaldson Line.....	7	25,033
Ellerman's Wilson Line.....	4	16,030
Furness Lines.....	20	61,000
International Mercantile Marine Co.....	47	359,973
Thomson Line.....	7	21,827
	142	896,380
	Number of Ships	Net Registered Tonnage
American.....	34	149,589
British.....	142	896,380
	176	1,045,969

May 4th, 1925.

Sir HENRY DRAYTON: Run that into the record.

*By Mr. Montgomery, K.C.:*

Q. When the Canadian Government Merchant Marine boats were in the Conference the combination of British and Canadian register as against American would have been that much greater, whatever the figure may be.

Sir HENRY DRAYTON: It would have been still larger in favour of the British tonnage. My recollection is that they were Canadian tonnage that could be looked upon as British.

Mr. MONTGOMERY, K.C.: I said British and Canadian.

Mr. SYMINGTON, K.C.: I take it there is no Canadian tonnage in it.

Mr. MONTGOMERY, K.C.: No, they are all British register.

*By Mr. Montgomery, K.C.:*

Q. What about the C.P.R.?—A. The C.P.R. boats are all British register. The Canadian Government Merchant Marine boats I think, were all Canadian register but they would be British, of course.

*By Mr. Symington, K.C.:*

Q. Not British register?—A. They are all in the British Empire.

[Mr. W. T. Marlow.]

*By Mr. Montgomery, K.C.:*

Q. When you were examined by my learned friend the other day your attention was invited to what would happen in the event of a competing line or a subsidized line being operated in competition with the existing lines. You said that they carried on in the hope of better times when times were dull.—A. As has been explained before, freight rates go up and down in cycles. At present we are in a depression in those cycles and during the depression period the lines operate in the hope—

*By Hon. Mr. Sinclair:*

Q. The depression of freight rates?—A. Yes.

*By Mr. Symington, K.C.:*

Q. You are referring to freight returns?—A. Freight returns.

Q. Not rates?—A. The lines continue to operate in the hope that their rate returns will go up as expenses go down or through the operation of both reduction in expense and increase in rate returns some profit will result. In the event of a subsidized line depressing rates the natural thing would be that they would lay over until they got to a point where profits were absolutely hopeless. In that case it seems to me a withdrawal of tonnage would ensue.

*By Mr. Montgomery, K.C.:*

Q. Taking that up to the point you have just mentioned, of expectation and hope, would that be affected at all by a certain period, say a ten year period. I was going to say of "depressing rates" but of regulated rates?—A. I would say decidedly so.

Q. In other words in the ordinary course of operations even though they were going through a low period they always have the upper period ahead?—

A. There is always the hope that reductions of revenues are going to improve.

Q. How would that affect that ten year contract?—A. It seems to me it would make the situation rather hopeless.

Q. If the hope of better times was removed what effect would you anticipate it would have on the service?—A. As I said before I think it would cause a withdrawal of ships in the service.

Q. That is, of course, always assuming that rates are unprofitable?—A. Yes.

*By Sir Eugene Fiset:*

Q. Before leaving this statement that you have given us, the heading of this is "United Kingdom Freight Conference." Do those include passenger lines as well as cargo?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. In connection with the question as to whether the service is profitable or unprofitable. Reference has been made by my learned friend to the Canadian Pacific statement. Have you that before you, a copy of it?—A. Yes, I have.

Q. If you will turn to page five, where the item is given for net earnings, ocean and coastal. That is the figure my learned friend mentioned, \$3,600,000 for net earnings, ocean and coastal steamship lines. That appears on its face not only from the ocean lines but from the coastal?—A. Net earnings for ocean and coastal lines.

Q. In as much as the report has been made in the record turn to page six, under the heading of "special income" and place on the record the remarks in reference to the ocean freights.

Hon. Mr. STEVENS: What page is that.

Mr. MONTGOMERY, K.C.: Page six.



The CHAIRMAN: Which, I presume, expresses his own views.

Mr. MONTGOMERY, K.C.: My learned friend puts on record this statement and I would like to have some explanation given of it.—A. The explanation is the results of the operations of your ocean fleets, to which detailed reference is made in the latter part of this report, were unsatisfactory, due almost entirely to continued light freight business and to a somewhat smaller passenger traffic in the spring and fall months of the year. The steamship earnings were, however, assisted through the adjustment of outstanding tax questions with the British Government. This item, of course, is not a recurring one, and therefore, an improvement in earnings for the present year can only be accomplished through the general increase of overseas traffic and the maintenance of stable rates. The prospects for considerable immigrant travel during the coming year are good but freight business is still suffering from the depression of the last few years and from an excess of tonnage beyond the necessities of the traffic.

Q. I am going back to the paragraph which you have just read. Before leaving the question, will you refer to page eight of the report and read what it says there?

“The results of the operations of your subsidiary, the Canadian Pacific Steamship Limited for the year under review have been disappointing, particularly in so far as its Atlantic service is concerned. In anticipation of a considerable increase in passenger and freight traffics the schedules for the season were arranged to provide for ten additional sailings during the St. Lawrence season. The schedules of sailing of other companies were also enlarged with the result that competition was increased, and this and the drastic immigration laws of the United States, together with the failure of Canadian immigration to reach the proportions expected by the Government and the transportation companies were the principal causes of the unsatisfactory showing. The steamship companies, in order to assist in making effective the immigration policy of the country, allowed a rebate of \$15 in the fare of each immigrant, but, notwithstanding this concession, the decrease in third class westbound passengers was 15,000 and the cost to the company of the rebate was \$325,000, with a corresponding reduction in its net earnings. The total earnings westbound were \$1,743,000 less than in 1923. The eastbound passenger carryings were somewhat greater than in 1923, owing largely to the attraction of the Wembley Exhibition. Freight traffic showed a very moderate increase, amounting in earnings \$503,000 and in tonnage to 125,000 tons.”

And then there is a further paragraph which deals with the same matter. In the result the operations of the Atlantic fleet showed a decrease in revenue from all sources of \$1,979,000 under 1923, and an increase of \$617,000 in expenses.

*By Mr. Duff:*

Q. Is not the answer that you had too many ships for the business?—

A. That there was an excess of tonnage beyond the necessities of the traffic due to anticipation of a considerable increase in passenger and freight traffic which did not materialize.

*By Mr. Montgomery, K.C.:*

Q. You had the Wembley Exhibition on last year?—A. Yes, the Wembley Exhibition was in progress last year.

Q. And that year you would have regarded as a normal year under ordinary circumstances?—A. The report states that the eastbound carryings were somewhat greater than in 1923.

Q. Owing largely to the Wembley Exhibition?—A. Yes.

[Mr. W. T. Marlow.]

*By Mr. Duff:*

Q. In spite of that you fell behind?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. In that connection, on page 6, a reference is made by my learned friend to a remark in the report that freight business is still suffering from the depressions of the last few years and from an excessive tonnage beyond the necessities of the traffic. Have you anything to say in respect to that excessive tonnage?—A. I do not see how, in running a liner business, it is possible to accurately anticipate the tonnage required and the prospective traffic. Schedules for the season must be arranged before hand and we have to go on the best of our judgment as to what service we will have to provide in the season following. Since the war it has been possible to base schedules as well as probably we could before the war on the reliance that there would be anything like normality. For instance, even this summer our schedules are apparently going to be perhaps a little in excess of the cargo offering but that is contrary to our expectation. Having more or less scheduled your steamers for a certain service you cannot, without great inconvenience to the public and probably involving yourself in heavy losses through the taxes favour your service because, as I have explained commitments have to be made ahead.

*By Mr. Duff:*

Q. Are you speaking now of passenger and freight service? What about the freight only?—A. I am speaking latterly with regard to grain commitments which we made back in May and February.

Q. Which are carried in passenger and freight boats?—A. Carried in both classes of vessels.

*By Mr. Montgomery, K.C.:*

Q. On this subject of passenger and freight business as applied to excess tonnage is the load evenly distributed.—A. The load is not evenly distributed. There is a peak load which we have to provide rates to take care of. We do not know that it is going to happen always and we try to anticipate that as much as we can. Then there is a further peculiarity.

*By the Chairman:*

Q. The peak load of what?—A. I think Mr. Montgomery refers to the greatest demand for space.

Q. I understand what peak load means, but is it with regard to freight, passengers, or merely freight?

Mr. MONTGOMERY, K.C.: I was just going to ask about that, Mr. Chairman.

*By Mr. Montgomery, K.C.:*

Q. Does your peak or maximum demand upon your service occur at the same time for passengers and for cargo?—A. It does not. For instance, there is a great demand for passenger accommodation to the old country at this time of the year, from now on up to July. At the present time there is a poor demand for freight space; likewise coming Westbound in July, August and September, when passengers who have gone over in the spring wish to return, there is a poor demand for Westbound cargo space. That is just before our Canadian crop comes forward.

Q. So that in laying out your schedules, is it possible to so provide for the requirements that you will not have excess and unused carrying capacity as regards cargo at one time and passengers at another?—A. I do not think so.

Q. In other words, you provide the carrying capacity to take care of the passenger requirements, and do I understand that your boats for that same time are likely to be light in cargo?—A. That occurs quite frequently.

[Mr. W. T. Marlow.]

Q. And at a time when you might reduce your sailings for passenger purposes, what about your cargo requirements?—A. There is frequently a cargo demand.

Q. I understand you have not been attracted to the cattle business yet?—A. We are not cattle carriers.

Q. Perhaps you know enough about the general situation to answer me this question, while we are on the subject. I merely wish to find out whether on cattle boats the same thing applies, in that case cattle being the passengers?—A. Well, I know at the present time there is a good demand for cattle space, and I know there is very little cargo offering, unfortunately, that is, general cargo, or grain.

Q. These cattle carriers do, as a matter of fact, carry both, do they not, cattle and general cargo?—A. They carry both general cargo and grain.

Q. To make up their loading, they have to have both?—A. They have to have both. In fact a good load of cargo under deck is necessary to properly trim the ship with cattle on deck.

*By Mr. Black:*

Q. Do any of the present passenger boats carry cattle?—A. None of the passenger boats I know of carry cattle, not in the Canadian trade at any rate.

*By Mr. Montgomery, K.C.:*

Q. One more question. Has your much maligned Conference anything to do with the tonnage which each line is to put on or does put on?—A. A Conference has nothing to do whatever with either sailings or tonnage.

Q. So that in each case it is left to the individual lines to estimate the requirements or the business it may hope to secure and provide tonnage accordingly?—A. That is so.

Q. You made a reference a few minutes ago to grain rates. My learned friend asked you as to whether the open rates on grain which you quoted from time to time were not practically identical with the initiative rate. What have you to say as to that?—A. If I said that the rate on which the Canadian lines have the initiative is the same as the rate on grain which is open in the Conference, I was confused in my answer, and I wish to apologize to the Committee. The difference is that on commodities on which the Canadian lines have the initiative we make the rate and notify the Conference that we have made the rate, and that becomes the Conference rate.

SIR EUGENE Fiset: Those commodities are only four in number, I understand.

*By the Chairman:*

Q. The rates on which you have the initiative are only four in number?—A. On which the Canadian lines have the initiative, those are four in number. Then as regards the grain rate, I explained at length the other day how those are agreed upon by the Canadian Liner Committee meeting through the sub-Committee from day to day. Those rates have nothing whatever to do with the Conference, nor do we notify the Conference of what rates are so made.

*By Mr. Montgomery, K.C.:*

Q. As a matter of fact, do the New York rates on grain in practice, follow the same curve, or are they the same from day to day as the Canadian rates?—A. They do not. There is no parallel at all. At times the American rates are down and ours are up, and at times ours are down and theirs are up.

Q. Depending upon the supply and demand respectively?—A. And the movement of the grain, and so forth. Frequently grain is available at American ports and at Buffalo when it may not be available at Canadian ports or at the Canadian seaboard.

[Mr. W. T. Marlow.]



*By Sir Eugene Fiset:*

Q. To make it absolutely clear, that Committee fixes only minimum rates?

—A. They agree upon minimum asking rates for the day.

The CHAIRMAN: The question suggested to me by the Solicitor-General Mr. Montgomery, is as to whether it would be possible to get the ups and downs of grain rates in New York and compare them with the ups and downs of grain rates in Montreal over a certain period, so as to see whether there has been any paralleling, or whether the witness is perfectly accurate in saying that there is no necessary parallelism in the rates between the two ports.

Mr. MONTGOMERY, K.C.: Mr. Symington wishes to say something about that.

Mr. SYMINGTON, K.C.: In connection with that, Mr. Chairman, I asked the Canadian Wheat Board, who are the largest shippers, to give me a record of the rates actually paid at the two ports, which I will give to the Committee.

*By Mr. Montgomery, K.C.:*

Q. I assume there would be at certain seasons of the year. When grain is moving generally, you would get generally speaking higher rates in both ports, and so on, and at other seasons of the year there would be lower rates; I don't know that you suggest there is no parallel in that way, but that they are not identical or anything like it, from day to day.—A. Just at that point, Mr. Montgomery, I have the rates here for 1924, beginning with January and going to December, Canadian vs. American. Of course it should be explained that the rates vary from day to day; perhaps two rates are quoted in a day, and perhaps rates by different lines are different, but taking the high and the low for each month from January to December, 1924, they run something like what I have here.

*By Hon. Mr. Stevens:*

Q. Is this per diem, for the day?—A. No, sir, this is for the month, taking the high and the low for the month in both cases. I am taking Liverpool as a basic port. In January the Canadian low was 2s. 6d.

*By the Chairman:*

Q. Per what?—A. Per quarter.

*By Mr. Montgomery, K.C.:*

Q. In that connection, before you give any more figures, you have taken Liverpool as a basic port?—A. That is a basic port of destination.

Hon. Mr. STEVENS: We had better get this down without interruption so that we will be able to understand it.

*By Mr. Montgomery, K.C.:*

Q. Start over again; I suppose the stenographer has the commencement of it.—A. This is a comparison of Canadian-American Grain (Heavy) Rates, for the year 1924.

		Liverpool	
		Low	High
January—			
Canadian..		2/6	2/9
American..		2/9	3/3
February—			
Canadian..		2/9	2/9
American..		3/6	4/-
March—			
Canadian..		3/-	3/-
American..		3/3	3/9
April—			
Canadian..		2/6	2/9
American..		2/6	3/1½
May—			
Canadian..		2/9	3/3
American..		2/6	2/6
June—			
Canadian..		2/3	3/4½
American..		1/6	2/-
July—			
Canadian..		2/3	3/-
American..		1/6	2/-
August—			
Canadian..		2/3	3/-
American..		1/6	2/-
September—			
Canadian..		2/7½	3/-
American..		2/3	3/-
October—			
Canadian..		3/-	3/4½
American..		3/-	3/-
November—			
Canadian..		3/3	4/-
American..		3/-	3/-
December—			
Canadian..		2/9	3/-
American..		2/6	3/-

Q. Are those liner rates or do they take into account tramp rates?—A. They are the liner rates. They do not take into account tramp rates.

Q. If I am not mistaken, a report was at one time tabled in the House; it was got out by the Federal Department of Statistics; it covered the Grain Rates both New York and Montreal for a great many years.

The CHAIRMAN: We had an investigation before the Agricultural Committee three years ago, if I mistake not; not the Special Committee but the ordinary Agricultural Committee, and I think we had figures placed before us at that time as to the Grain Rates to the Old Country from Canadian and American Ports.

*By Mr. Montgomery, K.C.:*

Q. I suppose there may be distress cargoes taken into account, of which you have no record?—A. As accounting for low rates from time to time?

Q. I mean does that necessarily take into account, the figures you have given, any distress cargoes that may have been taken?—A. It would be impossible for me to get the exact figures of all lines on grain, but I think I have given you what is a fair average of the rates ruling, as we have been able to obtain them.

The CHAIRMAN: That is hardly Counsel's question. Counsel asks you: Do these figures take into consideration distress rates which are quoted from time to time?—A. I imagine the low figures do; or are accounted for by at times distress room.

[Mr. W. T. Marlow.]

*By Mr. Montgomery, K.C.:*

Q. But you have no information as to that definitely?—A. No, I could not not say that the statement covered that.

*By Mr. Symington, K.C.:*

Q. A comparison of this with your weekly minutes showing the rates would disclose that?—A. Our weekly minutes will not disclose the American rates.

Q. No, the Canadian rates; I have made a list and there are quite material changes.—A. Yes, I should imagine they would be reflected in the weekly minutes. Of course, Mr. Symington, these are for a month, taking the month's low and the month's high; whereas the minutes are weekly. The low and high are the same.

Q. The low and high would be shown just the same?—A. Correct.

*By Mr. Montgomery, K.C.:*

Q. Do you refer now to the weekly minutes of the local Committee?—A. Yes, the weekly meeting of the Canadian Liner Committee.

Q. The rates, as I understood your former evidence, are not fixed at the weekly meetings of the Liner Committee are they?—A. No, I explained, when Mr. Symington examined me, that we record them for the past week at the subsequent week's meeting; and we put them in those minutes largely for statistical purposes. It is a way of recording the variations over the year.

Q. My learned friend points out the reference that he had in mind and it might be convenient for the Committee to know it. It is a note. "Grain. Noted. The following rates were quoted. December to April."

Mr. SYMINGTON, K.C.: 2/9, December to April.

*By Mr. Montgomery, K.C.:*

Q. That would not be December to April. That would be December for April shipment?—A. That is right. What would be the date of that minute? It would indicate that it was a future rate.

Q. The entry is: "Rates; December-April."—A. That means we have been quoting for shipment, December to April, those rates.

Q. And under the heading "Heavy" 2/9. And under the heading "Oats" 2/6.—A. The rates I quoted were for wheat.

*By Mr. Symington, K.C.:*

Q. Which is what is called "heavy" here?—A. Heavy grain.

The CHAIRMAN: Mr. Montgomery, the clerk has placed in my hands Sessional Paper Number No. 107-G, Dominion Bureau of Statistics: "Ocean Rates on Grain from Montreal to Liverpool, in sterling per quarter; together with the rate per bushel of 60 pounds; by months for the years 1912, '14, '16, '20, '21, '22, '23 and '24."

Mr. MONTGOMERY, K.C.: I am sure that may be very interesting. Possibly that may be the one to which I had reference. Mr. Flintoft asks whether that gives New York too?

The CHAIRMAN: That is from Montreal to Liverpool and then the next is from New York to Liverpool. I think, Mr. Symington, it might be very useful to put this in our records. What do you think, Sir Henry?

Mr. SYMINGTON, K.C.: We might put in the whole file. There are some very interesting things in the whole file.

The CHAIRMAN: Then I will ask the clerk to procure a copy of this and to produce it as Exhibit Number 52. It is a sessional paper.

EXHIBIT No. 52: Sessional Paper 107-G.

[Mr. W. T. Marlow.]



## EXHIBIT No. 52

Statement prepared by the Dominion Bureau of Statistics showing ocean rates on grain from Montreal to Liverpool, and from New York to Liverpool, respectively.

## DOMINION BUREAU OF STATISTICS—INTERNAL TRADE BRANCH

Ocean rates on Grain from New York to Liverpool in Sterling Per Quarter (480 lbs.), together with the rate per Bushel (of 60 lbs.) by Months of the Years 1912, 1914, 1916, 1918, 1920, 1921, 1922, 1923 and 1924. (Conversions made at par value of £—\$4.86½).

	1912		1914		1916	
	d. per bushel	cents per bushel	d. per bushel	cents per bushel	d. per bushel	cents per bushel
January.....	3½	6.52	2½	4.12	21½	42.97
February.....	3½	7.70	1½	3.5	23½	48.00
March.....	3½	7.05	1½	2.87	24½	49.51
April.....	3½	7.18	1½	2.75	20½	40.85
May.....	2½	5.5	1½	3.00	19½	39.55
June.....	2½	4.37	1½	3.87	13½	26.56
July.....	2	4.00	2½	5.00	14½	29.90
August.....	2½	5.87			16½	33.97
September.....	4½	9.35	2½	5.87	13½	27.08
October.....	5½	10.35	3½	7.83	14½	28.9
November.....	5½	10.72	6½	12.23		
December.....	4½	9.47	7½	15.07		
Average.....		7.34		5.51		30.61

	1918		1920		1921	
	d. per bushel	cents per bushel	d. per bushel	cents per bushel	s. per quarter	cents per bushel
January.....	No quotations		No quotations		7	21.28
February.....	"		"		7	21.28
March.....	"		"		7	21.28
April.....	"		"		7	21.28
May.....	"		"		7	21.28
June.....	"		"		5	15.2
July.....	"		"		5	15.2
August.....	"		"		5	15.2
September.....	"		"		5	15.2
October.....	"		"		5	12.16
November.....	"		"		4	12.16
December.....	"		"		4½	13.68

	1922		1923		1924	
	s. per quarter	cents per bushel	s. per quarter	cents per bushel	s. d. per quarter	cents per bushel
January.....	3 6	10.63	2	6.07	2 11	8.9
February.....	3 6	10.63	1 7½	4.94	3 9	11.4
March.....	3 3	9.88	2	6.07	3 5	10.4
April.....	1 6	4.56	1 10½	5.68	2 7	7.9
May.....	2 0	6.07	1 7	4.94	2 6	7.6
June.....	2 0	6.07	1 8	5.07	1 11	5.9
July.....	2 3	6.83	1 6	4.66	1 6	4.5
August.....	2 4	7.1	1 6½	4.78	1 7	5.0
September.....	1 10	5.57	1 7½	4.94	2 3	6.8
October.....	2 3	6.83	2 3	6.83	3 3/5	9.2
November.....	3 3	9.88	3 3	9.88	3 0	9.1
December.....	2 9	8.36	3	9.12	2 10	8.5
Average.....						7.9

Source 1912-1923 Report of New York Produce Exchange.

Source 1924 Monthly Report of International Institute of Agriculture. Monthly rate taken from rates which are given weekly.  
7/3/25.

[Mr. W. T. Marlow.]

## DOMINION BUREAU OF STATISTICS—INTERNAL TRADE BRANCH

Ocean Rates on Grain from Montreal to Liverpool in Sterling per Quarter (480 Lbs.), together with the rate per bushel (of 60 lbs.) by months for the years 1912, 1914, 1916, 1920, 1921, 1922, 1923 and 1924.

Months	1912		1914		1916	
	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents
May.....	1 6 — 2 6	4 6 — 7 6	1 3 — 1 7½	3 8 — 4 9	13 0 — 17 3	39 5 — 52 5
June.....	2 0 — 2 6	6 1 — 7 6	1 6 — 2 0	4 6 — 6 1	3 6 — 17 3	10 6 — 52 5
July.....	1 6 — 2 9	4 6 — 8 4	1 6 — 2 6	4 6 — 7 6	4 1½ — 14 0	11 5 — 42 6
August.....	1 6 — 2 9	4 6 — 8 4	1 6 — 2 6	4 6 — 7 6	7 0 — 14 0	21 3 — 42 6
September.....	1 7½ — 2 6	4 9 — 7 6	2 1½ — 2 9	6 5 — 8 4	8 0 — 13 0	24 3 — 39 5
October.....	2 6 — 4 3	7 6 — 12 9	2 3 — 3 0	6 8 — 9 1	7 6 — 13 6	22 8 — 41 1
November.....	2 6 — 4 3	7 6 — 12 9	2 10½ — 5 0	8 8 — 15 2	7 6 — 9 0	22 8 — 27 4
Average per bushel.....		5 71 — 9 34		5 67 — 8 41		21 97 — 42 60

No. quotations for 1918.

	1920		1921		1922	
	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents
May.....	0 0 — 0 0		7 0 — 0 0	21 25 — —	1 6 — 3 0	4 6 — 9 1
June.....	10 6 — 0 0	31 9 — —	6 0 — 0 0	18 25 — —	1 9 — 2 6	5 3 — 7 6
July.....	10 6 — 0 0	31 9 — —	6 0 — 0 0	18 25 — —	1 6 — 2 9	4 6 — 8 4
August.....	10 6 — 0 0	31 9 — —	6 0 — 0 0	18 25 — —	2 9 — 3 0	8 4 — 9 1
September.....	10 0 — 12 0	30 4 — 36 5	5 0 — 6 0	15 2 — 18 25	2 3 — 3 0	6 8 — 9 1
October.....	0 0 — 0 0		4 0 — 5 9	12 16 — 17 5	2 9 — 3 0	8 4 — 9 1
November.....	0 0 — 0 0		4 0 — 6 0	12 16 — 12 16	2 9 — 3 6	8 4 — 10 6
Average per bushel.....		31 52 — 36 5		16 50 — 18 00		6 64 — 9 0

	1923		1924	
	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents
May.....	2 3 — 2 7½	6 1 — 7 6	2 6 — 3 4½	7 6 — 10 3
June.....	2 3 — 2 7½	6 8 — —	2 3 — 3 4½	6 8 — 10 3
July.....	2 6 — 2 9	6 8 — 7 9	2 3 — 3 0	6 8 — 9 1
August.....	2 3 — 2 9	6 8 — 7 9	2 3 — 3 0	6 8 — 9 1
September.....	1 10½ — 2 9	6 8 — 7 6	2 9 — 3 3	8 4 — 9 9
October.....	2 6 — 3 7½	7 6 — 9 9	3 0 — 3 3	9 1 — 9 9
November.....	3 0 — 4 0	9 1 — 11 4	3 6 — 4 0	10 6 — 12 2
Average per bushel.....		7 14 — 8 72		8 01 — 10 11

NOTE.—Conversions made at par value of £6-3-25.

Mr. MONTGOMERY, K.C.: Is that something tabled in the House?

The CHAIRMAN: Yes, it was tabled in the House on Thursday 19th March, 1925. It shows the rates from Montreal and from New York.

Mr. MONTGOMERY, K.C.: I suppose it will be possible for us to get copies of this?

The CHAIRMAN: Yes, I will ask the clerk when making copies, to put in a carbon for Mr. Montgomery and one for Mr. Symington.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: After a very hasty examination, that Mr. Symington and I have made together, the statement seems to bear out the witness' statement that there appears to be little relation between Montreal and New York rates.

Mr. SYMINGTON, K.C.: A very hasty examination.

Mr. MONTGOMERY, K.C.: Yes, we took a check at random and that was the result.

*By Mr. Montgomery, K.C.:*

Q. My learned friend draws my attention to the fact that you were asked in your cross-examination in reference to the quotations given from day to day for the carriage of grain, and the fixing of a quotation which was a minimum quotation, but which could be exceeded by the different lines if they could get it. I would ask you whether or not, in practice, a quotation is ordinarily exceeded?—A. The asking rate on grain, agreed to from day to day, is usually in practice the rate.

Q. Does the same thing apply to other Conference rates?—A. Yes, the same thing applies to other Conference rates. In fact, as a general thing, I cannot remember, on package cargoes, as we call it, our exceeding the minimum rates, so the minimum in reality becomes the maximum.

Q. The minutes to which my learned friend invited your attention the other day, of 1920, appeared to refer to increases in the commodity rates. You recall those, no doubt, do you not?—A. Yes, I do.

Q. Were those typical of the general course of rates?—A. I don't think they were. Since that time I have taken the opportunity of going through our tariffs, that is the United Kingdom Conference tariffs, and I have made up 12 sheets of reductions from time to time, from 1920 down to 1925. Notable amongst these are wholesale reductions made on the principal commodities in February 1921, when reductions were made on a great many commodities, and of these probably 30 are commodities of Canadian origin. Again on May 5, 1921 there were reductions made on several commodities of Canadian origin. On October 28, 1921, feeling the pulse of trade conditions, the Canadian Lines proposed a large number of reductions, to the Conference.

Q. Just at that point, will you stop there just a moment. I want to get the minute my learned friend referred to. Have you your file on that before you?—A. Yes. these are they.

Q. I am referring now to Exhibit 12-B, the meeting of the Canadian Liner Committee of October 28th, 1921; have you that before you?—A. Yes.

Q. What do you find there?—A. I have before me the minutes of the Canadian Liner Committee meeting of October 18th, 1921.

Q. What do you find as regards rates?—A. I find a long list of reductions in rates proposed by the Canadian Lines to the Conference.

Q. You might, as a matter of convenience, read in the head note after the list of members.—A. "The meeting was called in pursuance of Minute Number 1, October 25th, to consider general revision of rates to United Kingdom ports, as recommended by Special Committee appointed at the meeting above mentioned."

Q. Then follows a long list of commodity rates, does it not?—A. I think there are thirty-six reductions.

Q. Turning now to the meeting of November 3rd, in the American minutes, I see a note: Rates. As advised in Supplement to Commodity List, North Atlantic U.K. Freight Conference. Can you tell us what bearing that minute has on the minute you have just read and the list of commodities?—A. It means that rates were reduced on over one hundred commodities. The principal ones in which the Canadian Lines were interested were those embodied in the minutes of October 28th.



Q. What did they do with your proposition in October?—A. They reduced the rates.

Q. And in addition to reducing the rates which you had proposed, they reduced a great many more?—A. They naturally reduced the rates on a lot of analogous articles.

*By Sir Eugene Fiset:*

Q. Would the reductions which you made in 1921 apply to-day?—A. The rates have since been reduced considerably below this basis.

*By Mr. Shaw:*

Q. On the same commodities?—A. On pretty well all the same commodities.

*By the Chairman:*

Q. Was that the first reduction after the general reduction, Mr. Marlow?—A. No. As I explained, there were a great many reductions piece-meal before that, but that was the first time we made an attempt to generally revise the tariff.

*By Mr. Duff:*

Q. That was the first general reduction?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. There had been, had there not, as you have explained, numerous individual reductions in rates?—A. Yes. Beginning in January, 1920, on such items as acetone, magnesite, wrapping paper, hams, bacon and lard, eggs, manganese ore—

*By the Chairman:*

Q. Not in January?—A. It ends with "wrapping paper" in January, and then following in later months we get to the eggs, hams, bacon, lard, deals, carbide, acetate of lime, woven wire fencing—I am speaking of these as peculiarly Canadian commodities—

*By Hon. Mr. McMurray:*

Q. These thirty-six were not reduced after the war until this period?—A. Yes. We mentioned acetone as having been reduced January 8th, 1920, and again on February 9, 1921.

*By Mr. Montgomery, K.C.:*

Q. There had been two previous reductions in that particular commodity at the top of the list prior to this general reduction in October and November?—A. One reduction prior to that.

Q. I thought you mentioned two dates?—A. On acetone?

Q. Yes—January and February?—A. No, not acetone; I think you are referring to acetate of lime, which I mentioned.

Q. I interrupted you when you had got to October and November, 1921. What has been the course since that time?—A. There were a great many more commodities before we got to October, 1921, on which the rates were reduced, such as, in May, 1921, wallpaper, and match splints; we put in a new rate on tale.

*By Hon. Mr. Sinclair:*

Q. What were the reductions there?—A. Also on handles and confectionery.

[Mr. W. T. Marlow.]

*By the Chairman:*

Q. Could you give us any idea of the extent of these reductions? Were they 5 per cent reductions or 10 per cent reductions, or 20 per cent reductions—A. Perhaps I could best give you that by citing a few here and there. Acetate acid was reduced from \$1.50 to \$1.25 per hundred pounds; asbestos from 75 cents to 60 cents—

Q. Per hundred pounds?—A. Per hundred pounds; chair stock from \$1.25 to \$1 per hundred pounds; clothes pins from 75 cents to 60 cents—

*By Mr. Montgomery, K.C.:*

Q. Without going through the whole list, these, which you are mentioning, are only suggestions?—A. Yes.

Sir HENRY DRAYTON: Instead of wasting time going into these particulars, why not print the whole thing?

Mr. MONTGOMERY, K.C.: I have a statement here which will follow through from year to year.

Sir HENRY DRAYTON: I would just put that in the record.

The CHAIRMAN: I think that the suggestion made by Sir Henry Drayton is acceptable to the Committee, that we should put this in as an exhibit and order it printed, so we may have it before us in our study of the question. This contains, I understand, Mr. Montgomery, a list of various articles which are important from a transportation standpoint to the Canadian people, with the rates charged by the Conference during the years 1919 to 1924, inclusive. I will order that it be filed as Exhibit 53, and I will order that it be printed

### EXHIBIT No. 53

#### OCEAN FREIGHT RATES ON VARIOUS COMMODITIES CANADIAN PORTS TO UNITED KINGDOM PORTS 1919-1924

Commodity	1919	1920	1921	1922	1923	1924
Agricultural Implements.....	\$ 50 cu. ft. or 1 00 100 lbs.	\$ 50 cu. ft. or 1 00 100 lbs.	\$ 35 cu. ft. or 65 100 lbs.	35 cu. ft. or \$ 65 100 lbs.	\$ 15 cu. ft. or \$ 30 100 lbs.	\$ 25 cu. ft. or 50 100 lbs.
Aluminum Ingots.....	1 00 "	1 00 "	75 "	50 "	40 "	50 "
Apples, Evaporated.....	See Fruit.	See Fruit.	See Fruit.	See Fruit.	See Fruit.	See Fruit.
Apples, barrels ordinary stowage	3 00 bbl.	3 00 bbl.	1 75 bbl.	1 25 bbl.	1 25 bbl.	90 bbl.
Apples, barrels refrigerator 35'						
40"	3 50 "	3 00 "	2 25 "	1 75 "	1 75 "	1 40 "
Apples, boxes, ordinary stowage	85 box.	70 box.	60 box.	45 box.	45 box.	30 box.
Apples, boxes refrigerator 35' 40"	1 00 "	95 "	75 "	65 "	65 "	50 "
Apple Waste.....	50 cu. ft. or 1 00 100 lbs.	50 cu. ft. or 1 00 100 lbs.	45 cu. ft. or 85 100 lbs.	40 cu. ft. or 75 100 lbs.	45 100 lbs.	50 100 lbs.
Asbestos Fibre.....	1 25 "	1 25 "	75 "	60 "	50 "	60 "
Automobiles.....	65 cu. ft.	65 cu. ft.	40 cu. ft.	35 cu. ft.	15 cu. ft.	25 cu. ft.
Butter, ordinary stowage.....	1 00 100 lbs.	1 25 100 lbs.	1 00 lbs. 100	1 00 100 lbs.	90 100 lbs.	1 00 100 lbs.
Butter, refrigerator stowage 25'						
or lower.....	2 50 "	2 75 "	2 00 "	1 75 "	1 40 "	1 50 "
Canned Goods, in cases.....	1 00 "	1 00 "	75 "	60 "	40 "	50 "
Cereals, cases.....	1 00 "	75 "	50-5 "	35 "	35 "	45 "
" bags or bbls.....	1 00 "	65 "	45-5 "	30 "	30 "	40 "
Cheese.....	Government Control	1 00 "	75 "	75 "	60 "	70 "
Clothespins.....	1 00 100 lbs.	1 00 "	75 "	50 "	50 "	50 "
Deals, softwood.....	300 -std.	200 -std.	100 -std.	85 -std.	70 -std.	70 -std.
Eggs, cases.....	65 cu. ft.	50 cu. ft.	40 cu. ft.	35 cu. ft.	25 cu. ft.	35 cu. ft.
Eggs, refrigerator 35' 40"	No record	75 "	60 "	60 "	45 "	55 "
Flour.....	1 00 100 lbs.	65 100 lbs.	32 100 lbs.	20 100 lbs.	19 100 lbs.	19 100 lbs.
Fruit, Dried, boxes or cases.....	1 00 "	1 00 "	75 "	75 "	50 "	50 "
Handles, Straight.....	1 00 "	1 00 "	75 "	65 "	40 "	40 "
Handles, "D".....	1 25 "	1 25 "	85 "	75 "	40 "	40 "
Hair, Hog.....	2 50 "	2 00 "	1 25 "	1 00 "	75 "	1 00 "
Hides, Green Salted.....	1 25 "	1 25 "	1 00 "	85 "	65 "	75 "
Hops, warehouse delivery.....	3 00 "	3 00 "	2 25 "	1 90 "	1 65 "	1 65 "
Leather Belting.....	1 00 cu. ft.	1 00 cu. ft.	75 cu. ft.	65 cu. ft.	50 cu. ft.	60 cu. ft.
Leather Goods, in cases.....	1 00 "	4 00 "	75 "	65 "	50 "	60 "
" Artificial in cases	1 00 "	1 00 "	75 "	65 "	50 "	60 "
Leather, Artificial.....	1 00 "	1 00 "	75 "	65 "	50 "	60 "
" Sole.....	2 50 100 lbs.	2 50 100 lbs.	2 00 100 lbs.	1 00 100 lbs.	75 100 lbs.	85 100 lbs.

OCEAN FREIGHT RATES ON VARIOUS COMMODITIES CANADIAN PORTS TO  
UNITED KINGDOM PORTS 1919-1924—*Concluded*

Commodity	1919	1920	1921	1922	1923	1924
Lumber, Heavy.....	\$1 25 100 lbs.	\$1 00 100 lbs.	\$ 60 100 lbs.	\$ 30 100 lbs.	\$ 30 100 lbs.	\$ 35 100 lbs.
“ Light.....	1 62 “	1 22 “	75 “	40 “	40 “	45 “
“ Heavy Planks.....	1 02 “	1 00 “	60 “	30 “	30 “	35 “
“ Light Planks.....	1 42 “	1 22 “	75 “	40 “	40 “	45 “
Measurement Traffic.....	50 cu. ft.	50 cu. ft.	45 cu. ft.	40 cu. ft.	30 cu. ft.	40 cu. ft.
Oilcake.....	1 00 100 lbs.	65 100 lbs.	45 100 lbs.	35 100 lbs.	20 100 lbs.	25 100 lbs.
Organs.....	50 cu. ft. or 1 00 100 lbs.	50 cu. ft. or 1 00 100 lbs.	45 cu. ft. or 85 100 lbs.	30 cu. ft. or	25 cu. ft. or	30 cu. ft. or
Paper, Newsprint in cases.....	50 cu. ft.	50 cu. ft.	40 cu. ft.	40 cu. ft.	60 100 lbs.	65 100 lbs.
Paper, Newsprint rolls or bales.....	1 25 100 lbs.	1 25 100 lbs.	75 100 lbs.	60 100 lbs.	50 “	55 “
Paper, Wrapping.....	1 25 “	1 25 “	75 “	60 “	40 “	45 “
Peas, Split.....	1 00 “	1 00 “	50 “	75 “	50 “	50 “
Provisions ordinary stowage.....	1 00 “	1 00 “	75 “	60 “	40 “	50 “
		Hams, Bacon Lard				
Provisions, Refrigerator 35° 40°.....	2 25 “	2 00 100 lbs.	1 50 “	70 “	70 “	85 “
Provisions, Refrigerator 25° or lower.....	2 50 “	2 25 “	1 75 “	1 35 “	1 05 “	1 15 “
Soap, Common, in cases.....	1 00 “	1 00 “	75 “	60 “	40 “	50 “
Soap & Soap Stock in barrels.....	1 00 “	1 00 “	75 “	45 “	40 “	50 “
Sugar, Grape & Refined.....	1 00 “	1 00 “	45 “	40 “	20 “	25 “
Tires, Rubber.....	50 cu. ft.	50 cu. ft.	45 “	40 “	20 “	25 “
Tobacco, Lead in hogsheads including warehouse delivery.....	2 00 100 lbs.	1 50 100 lbs.	1 00 “	80 “	50 “	65 “
Tobacco, Manufactured in cases.....	50 cu. ft. or 1 00 100 lbs.	50 cu. ft. or 1 00 100 lbs.	40 cu. fr. or 75 100 lbs.	40 cu. ft. or 75 100 lbs.	30 cu. ft. or 60 100 lbs.	40 cu. ft. or 75 100 lbs.
Woodpulp, bundles or bales.....	1 00 “	1 00 “	50 “	40 “	30 “	40 “
“ cases.....	1 00 “	1 00 “	75 “	75 “	40 “	50 “

*By Mr. Montgomery, K.C.:*

Q. This is not a complete tariff or list of all the reductions you made, is it, Mr. Marlow?—A. Not by any means. We had to take up what we considered a number of representative commodities.

Mr. MONTGOMERY, K.C.: We have some extra copies of these here, if you would like them, in the meantime.

*By the Chairman:*

Q. Mr. Marlow, during this time were rates on any commodities raised?

Mr. MONTGOMERY, K.C.: You will get here (indicating) how it went, and you will see some raises in 1923 and 1924, when that March 1st raise was put in. You will see them reflected here (indicating).

*By Mr. Montgomery, K.C.:*

Q. There was a general raise on the 1st of March, 1924. Is that marked here?—A. Yes, sir.

*By Hon. Mr. Sinclair:*

Q. What was the basis for reduction? What led you to ask for these reductions?—A. Negotiations with the shippers, or their Associations, from time to time, with us, and in a general way agreed upon between ourselves and the shippers as to the fair rates.

*By Hon. Mr. McMurray:*

Q. And were the raises upon the same principle?—A. I explained the other day that the raise came about after the result of our 1923 services were known, and we thought we ought to get a general increase in rates.

*By Hon. Mr. Sinclair:*

Q. Did you consult with the shippers about the increases too?—A. We did not consult the shippers.

[Mr. W. T. Marlow.]



*By Mr. Montgomery, K.C.:*

Q. But the shippers were not very long in consulting you?—A. No. A great many of the shippers, particularly the Canadian shippers, complained to us, and we afterwards made adjustments down to try to meet these complaints.

*By Sir Henry Drayton:*

Q. Does this show the adjustments down?—A. No, unfortunately, Sir Henry, it does not, because it does not continue beyond the increases of 1924.

Q. Look at "Apples, boxes." I thought it did, because you dropped from 45 cents to 30 cents?—A. I do not think that was one which was advanced.

Q. And "Apples, boxes, refrigerator" from 65 cents to 50 cents. "Apple waste" goes up. However, this does not include the reductions you subsequently made?—A. There are some reductions subsequent to this account, between the increase of March 1924 and the present date.

*By Mr. Symington, K.C.:*

Q. On any of these commodities?—A. Yes, on some of these commodities.

*By Mr. Montgomery, K.C.:*

Q. Have you any of them in your mind, which you could mention to us now?—A. Mr. Symington asked, "on any of these commodities?"; I may be mistaken about that, Mr. Symington. The complaints we received from the shippers subsequent to the increase of March 1 did not particularly deal with these commodities.

*By Mr. Symington, K.C.:*

Q. I think you will find in your correspondence a letter setting forth to the Conference certain representations made—A. This list covers them.

Q. If I remember there were, "Box shooks"—whatever they are—and a few other commodities, and I do not think they are in here (indicating Exhibit 53).

*By Mr. Montgomery, K.C.:*

Q. This does not, in any event, purport to be an exhaustive list?—A. No, it does not. It entailed considerable labour in going through all our tariffs over a number of years, but we did the best we could in the given time, and we think we have given fairly representative commodities which move in volume.

Q. I noticed this morning, in looking at this sheet (Exhibit 53) and checking it up with various articles which appear in the document which has been referred to as "The Liner's Reply," that they do not always tally exactly.—A. That is so. When this statement was prepared they took what they thought was a fair rate for the year in which the rate change was made.

Q. Who did?—A. My staff, who prepared this. I had nothing to do with the preparation of the Preston Reply.

Q. So this is quite independent of that?—A. It was prepared by my own staff, quite independent of that.

Q. I find minor discrepancies occasionally. How would they be accounted for?—A. I have had those checked over, and these represent in a fair way the rates in effect during the year mentioned. There were times when there were changes in the rates, but we showed one rate only.

Q. So you might get in the same year a difference in figures, depending upon the month in which it was taken?—A. That is true.

*By Mr. Symington, K.C.:*

Q. Do I understand this (Exhibit 53) is right, and the other is wrong?—A. In one case they may have taken January, and the rate may have changed in March, and in that case we took March as more typical, because it embraced a greater number of months in the year.

[Mr. W. T. Marlow.]

*By Mr. Montgomery, K.C.:*

Q. But it does not necessarily mean that either of them are wrong?—A. No, it does not; nor was the purpose of the statement to show that our rates were thus-and-so, but it was to show the actual rates, and how the tendency was downward.

*By the Chairman:*

Q. If there is a discrepancy between one and the other, are we to regard Exhibit 53 as the more accurate?

MR. MONTGOMERY, K.C.: No, I do not think so.

SIR HENRY DRAYTON: Mr. Marlow says it is more typical.

MR. MONTGOMERY, K.C.: Both would be rates prevailing during the year.

SIR HENRY DRAYTON: This (Exhibit 53) would show the majority of the movements, while the other might not.

*By the Chairman:*

Q. In other words, it would be wiser for us to base our opinion, whatever it may be, on this Exhibit, No. 53, which has just been produced, rather than on the printed Reply of the Steamship Lines?—A. I would say so.

*By Mr. Montgomery, K.C.:*

Q. But the items do not always correspond? You will find those here (Exhibit 53) which are not in the Liners' Reply, and others in the Liners' Reply which are not here. You had not it before you even when you prepared this (Exhibit 53)?—A. No, we had not.

Q. This was a quite independent compilation?—A. Yes, a compilation from the search through our tariffs for the period mentioned.

MR. SYMINGTON, K.C.: I prefer yours, Mr. Marlow.

*By Mr. Rinfret:*

Q. May I ask, in a general way, how it is that in the face of this list, in their operations the shipping companies agreed between themselves to decrease the rates to such an extent?—A. As I said before, we—that is, the freight managers (and I think that has been brought out, Mr. Rinfret)—are not always working on the idea at the moment as to whether the companies are making money or not. That is how the general increase came about in March, 1924. We found as a result of the operations for the year 1923 that we had lost money, and with the anticipated increase in expenses at the time, we decided to increase the rates on the 1st of March, 1924.

Q. Am I to infer, then, that from 1919 to 1923 the decrease was agreed upon, as the companies were making money?—A. No, it was thought that we were making our freight rates more according to freight conditions and what would move the traffic.

*By Mr. Montgomery, K.C.:*

Q. I think you explained to us on a previous occasion, Mr. Marlow, that you were expecting the general running expenses to go down, and were reducing your tariffs accordingly?—A. We decidedly were; that was all gone over the other day.

Q. And that at the end of 1922 an upward rise took place?—A. That is so.

Q. And in 1923 you found———A. That the general results were very bad.

Q. And you consequently brought into force an upward rise?—A. That became effective in March 1924.

Q. Following that on, you have told us that the Canadian Manufacturers' Association——

[Mr. W. T. Marlow.]

*By the Chairman:*

Q. In 1923, did you get pretty full cargoes going eastward?—A. No, my recollection of 1923 is that cargoes were not always full, eastbound.

*By Hon. Mr. Sinclair:*

Q. What average would you make?—A. I could not say that offhand without figuring it out, but it would be an easy matter for me to get it for you, if it were vital.

Q. It seems to me—you say you were losing money that year—that it would be interesting to know just how full your ships were.—A. I will be pleased to supply the committee with that information, with respect to Canadian Pacific Steamships.

The CHAIRMAN: I think you might do that, Mr. Marlow.

*By the Chairman:*

Q. Take the year 1919; were your ships losing money in 1919, Mr. Marlow?—A. My recollection is that we made a little money in 1919.

Q. What about 1920?—A. I would like to have the information at my fingers' ends to answer you, but really I have not got it.

Mr. SYMINGTON, K.C.: I will examine on that.

Mr. MONTGOMERY, K.C.: You do not need to; if any one wants it we can furnish it. Mr. Marlow is not the accountant.

Mr. SYMINGTON, K.C.: I say I am going to examine him on it.

Mr. MONTGOMERY, K.C.: That is outside Mr. Marlow's department. He has made that clear a dozen times over.

Mr. SYMINGTON, K.C.: He has been telling us about losing money.

The CHAIRMAN: Mr. Montgomery, do you think we have listened with such pleasure and profit to Mr. Marlow for two or three days without having a pretty good idea that there is not much goes on in the Canadian Pacific Steamship Services that he is not familiar with?

*By Mr. Rinfret:*

Q. May I ask Mr. Marlow what he means by, "a little money in 1919"? He said that the company made a little money in 1919.—A. I understand, taking it as a whole—.

Mr. FLINTOFF: Mr. Chairman, I think you are not getting anywhere with this information. If you want it we will supply the witness who can give you exact information with regard to this. It seems to me, with all due respect to the committee—I do not like to see Mr. Marlow drawn into an examination on a matter he has nothing whatever to do with, except as a matter of general knowledge, such as I would have myself, or any other officer of the company. If you want the information we will give it to you.

The CHAIRMAN: I think the question is quite fair, and I will direct Mr. Marlow to answer it.

Mr. RINFRET: I would maintain my question; it is up to the witness to reply whether he knows or not.

The CHAIRMAN: You heard the question, Mr. Marlow.

The WITNESS: I do not know offhand what the results of 1919 were, but I believe we made a profit in 1919 on the whole.

Hon. Mr. STEVENS: Of course, Mr. Chairman, I submit that that evidence by Mr. Marlow is useless, because what we want is the fact and if we can get the fact from another witness, let us call him. It is obvious that Mr. Marlow cannot know the accountant's report.

[Mr. W. T. Marlow.]



Mr. SHAW: I think that is a fair attitude.

The CHAIRMAN: I think the sense of the Committee is that the witness answered the question that Mr. Rinfret put to him, and that we shall not proceed further along this line just at present, in view of the fact that counsel for the Committee tells us that he is prepared to go into those questions, so we will proceed on another branch of this interesting inquiry.

*By Mr. Montgomery, K.C.:*

Q. I am going to conclude my examination by merely asking the witness to complete the information down to date. He has brought us to the reduction made in March, 1924, and he was about to tell us of the representations made by the Canadian Manufacturers' Association, and what has been the course of rates from then down to this date.—A. Since that time we have reduced the rates on a number of commodities, on representations from Canadian shippers.

Q. I understand that the Canadian Manufacturers' Association sent out a bulletin, did they not?—A. They did, to their various members.

Q. What I want to get at is, did you give consideration to any representations that were received from shippers in regard to rates at that time?—A. We gave every consideration to them, and investigated each one—that is, Canadian Pacific Steamships did.

Q. Each individual case was investigated on its merits?—A. Each individual case was investigated, and in many cases where we thought there was a hardship and that the rates should be reduced, we reduced the rates.

Q. So you will find a reduction—A. In some cases I may say for the information of the Committee that on communicating with the shippers on these specific complaints invited by the Canadian Manufacturers' Association, we found that the shippers were not shipping to the United Kingdom at all; that they had no exports; that some of them were shipping to South America or South Africa, but had complained on general principles against the rate to the United Kingdom.

Mr. MONTGOMERY, K.C.: That is all, thank you.

*By Mr. Symington, K.C.:*

Q. Just a few questions, Mr. Marlow. You gave some evidence about the losses of the Canadian Pacific Steamships Company. Can you tell us whether the Canadian Pacific Steamships Company ever made money?—A. I am not in a position to answer that, Mr. Symington, and I would much prefer that you get the information from one of our witnesses, our accountant, our controller of the steamships, who is here.

Q. Then I understand you to say to the Committee that you cannot state whether they, at any time or in any year, made any money?—A. I can only answer that question from the standpoint of general knowledge, not specifically.

Q. What would you say, from general knowledge?—A. I would say that sometimes we have made money.

Q. Would you say you made money in 1923?—A. I could not say that.

Q. Could you say there was ever a year when you made more money than in 1923?—A. I could not answer that.

Q. Could you say there was ever a year, except one, in which you made more money than you made in 1924?—A. I could not answer that.

Q. Although you fix these freight tariffs, and consider the position of your company, you could not say that?—A. I could not say that, but in fairness to myself, and in fairness to our company, I would like to explain to the Committee that we are a very large company, with enormous ramifications, with an enormous staff, and necessarily we have to divide the work into departments. It is as much as I can do to attend to securing freight and endeavouring

[Mr. W. T. Marlow.]

to make freight rates from general knowledge, and we require to have controllers and accountants and passenger department men to handle the various departments.

Q. I would not have asked you the question, Mr. Marlow, except that in re-examination you told my learned friend about your company losing money. I would certainly have left it but for that reason.

*By Mr. Montgomery, K.C.:*

Q. Was it your advice that you had lost money on the years which I referred to?—A. Which years are those?

Q. I think you told us 1923.—A. I understand that our general results for 1923 were unsatisfactory.

*By Mr. Symington, K.C.:*

Q. Then let us take 1924 for a moment. My learned friend mentioned a figure of \$3,600,000, and you said it was ocean and coastal?—A. Yes, inter-coastal.

Mr. MONTGOMERY, K.C.: I had the witness read into the record the statement in the report.

*By Mr. Symington, K.C.:*

Q. Do you know whether the Atlantic services made more or less than \$3,630,000?—A. I know in a general way that the Atlantic services have not made profits of three million dollars odd. That is what I am informed by my management.

Q. In any event, I take it the figures that you are supposed to furnish the auditor will govern that?—A. That is so.

Q. Now, you spoke rather differently, I thought, in your direct examination with respect to the effect of putting on a competitive line, that the other boats would withdraw from the service?—A. In what respect, Mr. Symington, did you think I spoke differently?

Q. I understood you, in your examination in chief, to say you thought the other lines would meet the competition.—A. I do, for a time.

Q. How long will that go on?—A. As I said, I think it would go on until they felt they could not stand the losses any longer, and then that they would withdraw their ships.

Q. You quoted to us, for instance, I think it was Sir Frederick Lewis, in his statement to the Furness-Withy people, about the Continental situation. Have the British ships withdrawn from that German trade, in view of that situation?—A. Yes. I understand the Royal Mail, for instance, who had quite a service, withdrew their ships. I do not know that they have withdrawn them all, but they have withdrawn some, and I understand that two of the other British lines have decided on amalgamation, in self-defence.

Q. Was that between there and Canada?—A. No; in the North Atlantic trade, though.

Q. You mean American ports?—A. Yes.

Q. The Furness-Withy people do not seem to have withdrawn, apparently?—A. The Furness-Withy people are not in the North Atlantic Continental trade. That is to Canada.

Q. To the States, I mean. Is that it?—A. I do not think they are operating to the States in the North Atlantic Continental trade to-day.

Q. I notice in your reading you adopt as your own Sir Frederick Lewis' opinion, that in that statement he spoke about the competition of the rate war and the killing of the rates. I understand that has been going on ever since the war was over?—A. Yes, more or less, but the rates immediately after the war were rather high.

[Mr. W. T. Marlow.]

Q. In spite of the fight?—A. In spite of that, and they have gradually come down.

Q. You stated to my learned friend that the tendency of rates had been downward since the war. That was true, of course, up to March, 1924. Since March, 1924, there has been no downward tendency?—A. Yes, I have stated certain cases in the Canadian trade.

Q. Generally?—A. Not generally.

Q. The last general thing prior to that was the 25 per cent increase?—A. Yes.

Q. In figuring on that computation you gave us a nine and one-half and a ten cent rate per cubic foot. You said "bare operating basis without depreciation." I would like you to tell us, if you can, just what the bare operating basis is?—A. The bare operating basis is the cost of loading the ship, port charges, the running of the ship, the discharging expenses and port charges at the other end.

Q. That does not include brokerage or commissions, management charges or anything of that kind?—A. No, sir.

Q. Just the bare running of the ship?—A. Just the bare running of the ship.

Q. So that you have in your company the figures which show the bare operating expenses?—A. We have. As a matter of fact I got these figures from our comptroller.

Q. The reason I am asking that is that my auditor tells me he has nothing that shows the bare operating basis, and therefore it is exactly what we want to get if we can, so that if the auditor has these figures we can examine him on that?—A. I would prefer you to examine him on that, and I am quite frank in telling you I submitted the figures as given to me by him, which I have every reason to believe are correct.

Q. That is what we want to get, the bare operating basis. Is it or is it not so that the Canadian Pacific Railway manage this business and pass it on to the Steamship Company, so you debit it with so much? Is that the way it is run?—A. I understand the Canadian Pacific Railway are traffic agents for the Canadian Steamships Limited, and a working charge is made for these expenses.

Q. And that charge can be shown, I suppose?—A. I presume so.

Q. You have, as a matter of fact, in anticipating your service for this year still put on a larger service than last year, I think I saw in the press.—A. I do not recall that. As a matter of fact, since I commenced preparing this case the schedules have been under preparation and I am not familiar with what they are going to be.

Q. I saw in the *Montreal Gazette* there were to be so many more trips this year.—A. I could not answer that offhand.

The CHAIRMAN: Has anybody any other questions to ask Mr. Marlow? Do counsel think they will need Mr. Marlow again?

Mr. SYMINGTON, K C.: Not that I know of. I suppose he is always available.

The CHAIRMAN: I will discharge Mr. Marlow with the thanks of the Committee for the interesting information with which he has supplied us.

Mr. FLINTOFF: On suspended sentence, I suppose.

The CHAIRMAN: I am sure Mr. Marlow realizes his discharge was couched in a very different spirit.

Witness discharged. Discussion followed as to the calling of Mr. Doherty of the C.G.M.M. as a witness.

[Mr. W. T. Marlow.]



The CHAIRMAN: I will ask Mr Gordon to get hold of Mr. Doherty and request Mr. Doherty to bring with him the figures that were produced last year before the Select Standing Committee on National Railways and Shipping at their meeting held on Wednesday, June 18th, 1924.

Sir HENRY DRAYTON: And supporting figures.

The CHAIRMAN: Yes, anything that is at page 4.

Mr. MONTGOMERY, K.C.: There is also the question, that he would be prepared with any estimates for 1925 and that question as to whether we will go into it or not or what they are is a matter to be decided tomorrow.

The CHAIRMAN: If this has been prepared for the Minister's confidential information—

Mr. MONTGOMERY, K.C.: We can discuss that tomorrow, but only that he should be prepared with any estimates he has.

The CHAIRMAN: If we feel we should go into that we will go into the other question and I will not ask him to produce that information for tomorrow.

Mr. MONTGOMERY, K.C.: It is only to have it available, if it were information that he should have no objection to give us.

Mr. SYMINGTON, K.C.: I rather thought Colonel Gear would put in some estimates.

Mr. MONTGOMERY, K.C.: Col. Gear was asked to produce certain information. I suppose he has it now.

Col. WILLIAM I. GEAR, Recalled.

*By Mr. Montgomery, K.C.:*

Q. Col. Gear, I think you were asked during your cross-examination to produce particulars in regard to certain matters which came up for discussion. Have you been able to get the desired information?—A. I have been able to get some of it.

Q. I have a note here that you were asked to produce for instance a list of tramps and their owners; have you that?

The CHAIRMAN: Tramps that visited the port of Montreal last year?

*By Mr. Montgomery, K.C.:*

Q. Will you explain, that Col. Gear?—A. I have a list of tramps which visited the port of Montreal in 1921, 1922, 1923 and 1924, with their owners, tonnage and nationality.

The CHAIRMAN: The gross and net tonnage is also found. We will produce these as Exhibit No. 54, all as one Exhibit.

EXHIBITS NOS. 54A, 54B, 54C, 54D: Statements showing tramp steamers, port of Montreal, years 1921, 1922, 1923 and 1924.

*By Mr. Montgomery, K.C.:*

Q. You were asked also to furnish particulars in regard to grain rates from 1913 to 1924. Have you that information?—A. I have a statement showing the rates of freight on grain per quarter carried by the regular Liners from Canada to the United Kingdom and the Continent from 1913 to 1924, showing the lowest and the highest quotations.

Mr. MONTGOMERY, K.C.: Do you wish these figures filed as an Exhibit, to avoid reading them?

The CHAIRMAN: I think so. It is for each year, the lowest and highest quotations in the year, not monthly, just yearly, per quarter.

The WITNESS: Per quarter.

The CHAIRMAN: Do we want this statement printed, gentlemen?

[Col. William I. Gear.]

Sir HENRY DRAYTON: We have had that already, Mr. Chairman, although it is shorter to print it than it is to examine upon it.

The CHAIRMAN: As we are printing the others, I think it would be well to have this printed too.

## EXHIBIT No. 55

Statement showing rates of freight on grain per quarter carried by regular Liners, Canada to the United Kingdom and Continent, years 1913 to 1924:—

	Lowest	Highest
1913.. . . . .	1/9	3/9
1914.. . . . .	1/3	5/3
1915.. . . . .	5/3	13/9
1916.. . . . .	3/6	18/-
1917(*).. . . . .	25/-	46/-
1918(*).. . . . .	50/-	57/6
1919(s).. . . . .	8/9	10/6
1920(s).. . . . .	8/9	10/6
1921.. . . . .	5/-	7/-
1922.. . . . .	1/-	3/10½
1923.. . . . .	1/6	4/-
1924.. . . . .	1/7½	4/7½

NOTE:—

(\*)—Official fixed rates.

(s)—The 8/9 rate quoted in 1919 and 1920 was that fixed by the Shipping Controller on vessels "directed" to the Wheat Commission.

*By Mr. Montgomery, K.C.:*

Q. Have you a corresponding statement of the tramps, grain carried and the rates in the same period, by the tramps?—A. Yes. I produce the statement asked for of the highest and the lowest freight rates from Canada, 1913 to 1924, per quarter, compiled from Angiers' Report.

Q. So that that is simply a compilation from Angiers' Report?—A. Simply a compilation from that report.

Q. What is that report?—A. It is a world-wide report gotten out by that party.

*By Sir Henry Drayton:*

Q. Does it contain the same information?—A. No. This is the tramps.

*By the Chairman:*

Q. It is per quarter too?—A. Yes, sir.

## EXHIBIT No. 56

Statement of highest and lowest grain freight rates from Canada, 1913 to 1924, per quarter.

(Compiled from "Angiers" Report of Fifty years Charter Rates.)

Year	Highest	Lowest
1913.. . . . .	3/10½	1/9
1914.. . . . .	5/9	2/6
1915.. . . . .	12/3	6/3
1916.. . . . .	18/0	7/0
1917.. . . . .	46/0	25/0
1918.. . . . .	57/6	50/0
1919.. . . . .	20/0	8/9(*)
1920.. . . . .	18/0	7/1½
1921.. . . . .	7/3	4/0
1922.. . . . .	4/10½	2/4½
1923.. . . . .	4/3	2/1½
1924.. . . . .	4/9	2/2

(\*)—Rate for steamers "directed" by the Shipping Controller to be fixed to the Royal Wheat (or Sugar) Commission or Timber Controller.

Years 1917 and 1918—Official fixed rate under Government control.

The CHAIRMAN: This will be printed too.

*By Mr. Montgomery:*

Q. You were asked to produce particulars in regard to the comparative costs of handling flour and grain. Have you been able to get any information on that, Col. Gear?—A. I have particulars taken from averages of cost over the year 1924.

Q. What does it show?—A. It shows the handling costs of flour.

Q. At both ports?—A. At both ports, London being the discharging port.

Q. So that you have detailed in this statement the expenses at the loading port, in the case of flour?—A. Yes.

Q. And the expenses at the discharging point?—A. Yes.

Q. And in a similar way you have the expenses at both ports for grain?—A. Yes.

Q. With what result?—A. With the result that it shows the high cost of handling flour over grain.

Q. Perhaps you can give us the figures, the details, and then you can offer it as an Exhibit?—A. Itemized, do you mean?

Q. No, just give the totals?—A. Handling flour at the port of Montreal, \$1.31.8.

*By Sir Henry Drayton:*

Q. Per what?—A. Per ton.

The CHAIRMAN: Perhaps we had better have the various items that enter into that \$1.31.8 per ton.

Mr. MONTGOMERY: It is a rather long statement, Mr. Chairman.

The CHAIRMAN: There is a tremendous amount of interest among millers and others upon this point, and I think we might very profitably spend a little time on it.

Mr. SYMINGTON, K.C.: This has been before the millers largely, and the millers dispute it. Suppose he files it, and I can get some miller to look it over.

Mr. MONTGOMERY, K.C.: If the matter is of such general interest let him read it out right now, and get them interested in it in that way.

*By the Chairman:*

Q. Is this the loading in Montreal, Col. Gear?—A. The items, the loading in Montreal. For handling, 79 cents a ton.

Q. When you say handling, what does that mean?—A. Stevedoring. Checkers, shedmen, watchmen, 15 cents a ton; cooperage 1 cent per ton.

Q. One cent a ton for cooperage?—A. Yes. Shed rental 10 cents a ton; tarpaulins and straw, 2 cents a ton. The explanation of that charge is that we require to spread straw on the floor of the shed to protect the flour from the dirt and dampness that rises from the concrete. The tarpaulins are used to cover the bags, in case they are any length of time in the shed, so as to protect the bags from dust. The cost of this work we estimate at 2 cents a ton. Cost of plant, 3½ cents.

Q. Just what plant is that?—A. The stevedoring plant, 3½ cents a ton.

*By Mr. Symington, K.C.:*

Q. Is that a special plant, or just general?—A. For the benefit of the Committee, these figures are taken from our own dock, and the stevedoring work is done by the company. That is the cost of the upkeep of their plant.

*By the Chairman:*

Q. Depreciation, wear and tear, and so on?—A. Depreciation, wear and tear. Dunnage in the ship—

[Col. William I. Gear.]



Q. Just what is dunnage?—A. It is covering the grain.

Q. But isn't this flour?—A. We put dunnage in between the flour and the grain. Dunnage is covering the grain with deals or boards, and then covering them again with cloths, on which we put the flour, at a cost of 19 cents per ton.

Q. You charge that against the flour rather than as against the grain?—A. Yes, because if we filled up with grain we would not have that expense. Overhead, and various little items we cannot very well spread out, 2-3/10 cents, making a total of \$1.31-8.

Q. What does your overhead include?—A. Superintendents, head checkers and others that have to superintend the handling of the cargo.

Q. Any office expense at all?—A. Very little office expense.

Q. In estimating your overhead, do you assign anything to your office expenses?—A. On the dock, yes.

Q. On plant; that is the stevedoring plant.—A. The discharging at the port of discharge is about 3/6 per ton; or 84 cents, making a total of \$2.15-8/10.

Q. Will you give us the details for the unloading?—A. I have not got that made up.

Q. That is in London?—A. That is as we are given it from London.

Q. 3/6 discharging from London, is it more or less from Liverpool?—A. I do not know, sir.

Mr. MONTGOMERY, K.C.: Both flour and grain are at London, the same port?

The CHAIRMAN: Oh, yes.

The WITNESS: In loading grain; expenses at the loading port, Montreal. Stevedores 13.4 cents per ton. Thirteen and four-tenth cents. Elevating four tenths of a cent per bushel, or seventeen and three tenth cents per ton.

Lining, and carpenters, preparing for the reception of the grain on the steamers, six and seven tenths cents per ton. Cost of plant three and a half cents. And overhead one and two tenths cents. Making a total in Montreal of 42.1 cents.

*By Sir Henry Drayton:*

Q. As against \$2.15?—A. No, as against \$1.318, at the discharging port, London. It cost us about nine pence a ton or eighteen cents. Delivered into barges alongside.

Mr. MONTGOMERY, K.C.: Eighteen cents at London as against 84, in the cost of flour.

Sir HENRY DRAYTON: Yes.

*By Mr. Symington, K.C.:*

Q. Are both delivered into barges?—A. That depends on circumstances. The total for grain is 60.1 cents per ton. This makes flour cost about 7 cents per 100 lbs. more than grain for actual handling expenses.

*By the Chairman:*

Q. Now, Colonel, suppose you have a good deal of grain and you have got some general cargo also, do you have to use any dunnage in the ship over the grain before you put in the general cargo?—A. If we put the general cargo in the hold on top of grain, yes. But usually the general cargo is put in the 'tween decks and the flour is used to put on top of the grain.

Q. This is what I see here—you may have an adequate explanation—in regard to flour you charge a considerable amount for dunnage in the ship. In regard to the grain you do not charge any. Is that quite fair?—A. No, you are charged something for the grain. If you look at the "Lining and Carpenters' Work" you have 6.7.

[Col. William I. Gear.]

Q. Does "Ship Lining" refer to the same thing in regard to grain as "Dunnage" refers to flour?—A. No, sir.

Q. Sometimes you have to use dunnage in regard to grain when you are not carrying flour, don't you?—A. No, because we would fill up with grain.

Q. I may be quite wrong but I thought that quite often you would have a certain amount of grain in your ship and then you have to cover it with boards and then you would put other cargo on top. Does not that make a fair charge against the grain?—A. In loading a steamer, the superintendent on the dock is given a cargo list setting forth the cargo that he is probably going to get. If he has a hold and he decides to put a certain amount of grain in it, and he is going to take care of his flour, he will invariably unless something very exceptional takes place, put that flour on top of the grain. And only one hold has been taken as an example.

*By Mr. Symington:*

Q. Does nothing else go on grain then, but flour?—A. In loading a ship, the superintendent divides his cargo up, so that if possible he puts his flour on top of the grain.

Q. A desirable cargo, because it is good to put on top of grain?—A. It is good, and the best thing he can put on top.

*By Sir Henry Drayton:*

Q. That is really in the convenience of the ship?—A. Yes.

Q. It is more convenient to have that there than any other kind of cargo.

*By Mr. Black:*

Q. It is not only more convenient, but is it not safer in that it prevents the shifting of the cargo?—A. That is correct.

Q. No cargo will secure grain and make it so safe as flour. You can put package stuff there which is liable to break, and the moment those packages break, in bad weather, the grain gets loose, and the moment a few bushels of grain get loose, the whole hold is adrift, is that not the case, Colonel?—A. That is very largely so, sir.

*By Sir Henry Drayton:*

Q. What dunnage have you employed for the purpose of your calculation?—A. Between four and five hundred tons of flour.

Q. And how do you arrive at your overhead in connection with that five hundred tons of flour? Is this based on a trip or is this a year's business?—A. I have taken the handling on our docks for an entire season. And we have proportioned out the cost per ton that it has cost us on the dock to handle the cargo.

Q. In other words, you start with your total and then you allocate back?—A. Yes sir.

Q. And while I am not suggesting that you are not trying to do the best you can, it is an arbitrary allocation.—A. No sir, if I had taken an arbitrary allocation, I could have made the handling charges considerably over 79 cents.

Q. That would have been a stretch, wouldn't it?—A. No, it would not be a stretch. I could give you steamers that would show that. This is an entire average over the seven months.

Q. How did you arrive at that as an example, over the package freight?—A. We took the entire amount of package freight. As regards the shed rental, for instance, the entire amount of inward cargo as against the package freight outwards.

Q. How did you distinguish and arrive at the proportion of cost of the flour as against the other package freight?—A. In handling our ships we have timekeepers and they allocate to each class of cargo the cost of handling it.

[Col. William I. Gear.]

Q. So that is actually done currently as the business is going on?—A. Yes.

Q. Now am I right in understanding you to say that the whole tonnage for the season is 500 tons?—A. No sir. That was an arbitrary quantity that we took, simply to fill up one hold after giving the hold a portion of grain, as we thought that a fair thing to do.

Q. Then we have a mixture of actual facts and calculations.—A. Up to a certain point you must have calculation, because on some boats we had a thousand tons or 1,200 tons of flour, and on another boat we would have perhaps only 100 or 200 or 300 tons.

Q. Let us see if we can get it plain then. It cannot be for the season, because you have got this confined to the one hold. Have you got any accurate figures showing the actual transaction, the actual cost on any one loading?—A. I can get that for you.

Q. How much is it based on the actual cost of loading and how much on the general season's average, because I have not been able to ascertain that at all.—A. The entire amount with the exception of that tonnage, is on the season's average.

Q. And how do you get at the dunnage?—A. The dunnage is taken from the average cost of a steamer carrying four to five hundred tons of flour, the balance in that hold being grain.

Q. Confined to one hold?—A. One hold.

Q. Now tell me one thing that I do not understand here at all: the other evidence has gone to show that the cost of port charges is much higher in England than here. At least I would so understand that, that they are pretty heavy. You show the port charges in England to be a mere fraction of the port charges here. About half, isn't it, or is it as much as half?

Mr. SYMINGTON, K.C.: 84 to 131.

*By Sir Henry Drayton:*

Q. Less than half in connection with grain. I thought our grain facilities were supposed to be good. How do you arrive at that?—A. These arbitrary rates were given to me from England, and how they arrive at them I do not know, but I think they are very moderate in both cases.

Q. I would have thought your grain was particularly out of line?—A. Very moderate.

Q. We are supposed to have good grain facilities at Montreal; supposed to have about the best, and yet they are very much better in England apparently.

Mr. SYMINGTON, K.C.: I think probably, Sir Henry, we have only got it into a barge. Then there are a lot of barge and dock charges.

Sir HENRY DRAYTON: Yes, that is what I thought it was. Because in connection with the grain, the witness did say it was merely a barge transaction, but there again that is covering all the cost of taking it out of your spout.

The WITNESS: Practically this is the spouting.

Sir HENRY DRAYTON: Then you would have to increase, in order to get it fairly—increase the grain charges by your dock dues and that sort of thing.

Mr. SYMINGTON, K.C.: Lightering.

The WITNESS: In London they have got a lot of customs, as well as charges; and barge owners have certain rights which seem to enable them to go amongst the docks and I believe they do not pay any dock dues. So probably the price that has been given us is a sample of handling of this grain.

[Col. William I. Gear.]



*By Sir Henry Drayton:*

Q. Do the barge people do all this for nothing?—A. That would be the receiver, sir.

Q. That is added to the receiver?—A. Oh yes, he pays that; not the ship.

Q. In connection with flour, your flour charges; does that cover the dock dues in England?—A. No, that is given to me as the stevedore charges of handling flour.

Q. That would be the stevedoring into the shed?—A. Not necessarily. They are also taken into barges.

Q. Do you know how that is?—A. I do not, sir.

Q. Do you know what the cost of handling flour with proper mechanical devices is? For example the cost at Antwerp, where I understand they still handle it?—A. I do not, sir. We have no steamers running to Antwerp.

Q. And of course you have no mechanical devices in Montreal except the hoist?—A. We have not.

Q. Have you ever recommended them?—A. No, I never could recommend it, because from information that I have been able to gather, the mechanical device would only be a labour saving device provided you were filling a steamer. But where we have, as I said a few minutes ago, one hundred or one hundred and fifty tons, or perhaps 1,200, and we are spreading that all over the ship, the movement of that mechanical device about to take care of the flour would probably cost a great deal more.

Q. You might suggest the same thing about grain; that it only pays to use it for grain when you are getting a load?—A. No, because grain is delivered to us from a spout.

*By the Chairman:*

Q. Colonel, would you have to use dunnage in a ship which was carrying flour, unless you had grain?—A. I think we would. I think that our superintendent would simply use the cloths to protect the flour from the lining of the ship.

Q. Therefore, the necessity for dunnage is due to the presence of grain in your ship, and not to the presence of flour?—A. That is true, I suppose, but in the Montreal trade we cannot get away from grain, and we will have grain I suppose for many years to come; and grain, as you have already been informed, is the major part of our cargo.

Q. I am not critical, sir, of your handling as much grain as you want to. I am open to further information, but what I am critical of is the accountancy which charges the dunnage against the flour when the dunnage is made necessary by the presence of the grain.

Mr. MONTGOMERY, K.C.: Would you charge it all against the grain, Mr. Chairman?

The CHAIRMAN: It would seem to me that that would be the fair thing.

Mr. MONTGOMERY, K.C.: I cannot see that.

The CHAIRMAN: If you have no grain in your ship you will not require any dunnage. Why therefore charge the cost of dunnage against the cargo that goes above the grain, instead of charging it to the grain.

Mr. SYMINGTON, K.C.: It is to protect the grain and not the flour really.

The CHAIRMAN: As I understand, the dunnage is to prevent the grain from shifting in the hold; am I not right?

Mr. BLACK: With general cargo a great deal of dunnage is required, and the general cargo fills the space the grain occupies. There would be quite a heavy charge for dunnage. It is necessary in stowing the ship.

[Col. William I. Gear.]

*By the Chairman:*

Q. Then would not dunnage be a fair charge to apportion against all the cargo in the ship?

Mr. BLACK (Halifax): It is all charged to dunnage, but it just happens we have struck on a special movement of grain.

*By the Chairman:*

Q. I would like further light as to what justification there is in a mixed cargo, in which both grain and flour are present, for charging all of the dunnage against the flour and none against the grain?—A. I explained a few moments ago, sir, that if we filled up the hold with grain, we would have no dunnage.

Q. I grant you that, but you have not, in this suppositious case, and as a matter of fact, tonnage which will allow you to fill up entirely with grain?—A. Sometimes we do fill the hold with grain.

Hon. Mr. STEVENS: Mr. Chairman, why not put the question to the witness this way: Supposing you had no grain for the hold and put the flour in it, would you require dunnage?

The WITNESS: You would require a certain amount of dunnage to protect the flour in the bottom of the hold; we would likely use cloths.

*By Hon. Mr. Stevens:*

Q. Is the dunnage used for the purpose of protecting the flour?—A. If it were only flour, yes.

Sir HENRY DRAYTON: What ever is there has to be protected.

*By Mr. Symington, K.C.:*

Q. Would you sooner have the hold filled with grain or filled with grain and flour?—A. As a rule, I would sooner fill with grain.

Q. You would sooner carry grain alone than grain and flour?—A. You would make more money.

Mr. SYMINGTON, K.C.: Oh, you would, would you?

Sir HENRY DRAYTON: That depends on this computation very much.

Mr. SYMINGTON, K.C.: I would think so.

*By Mr. Black (Halifax):*

Q. Colonel Gear, do you know of any mechanical appliances that are in any port used for the loading and discharging of cargo? Is there any port fitted with such appliances, other than the usual way of discharging by stevedoring and placing the flour in slings, and so on?—A. Not on the North Atlantic, as far as I know.

Q. Nothing in New York?—A. Nothing in New York.

Q. Anything in Antwerp?

Mr. SYMINGTON, K.C.: They lighter it in New York.

The WITNESS: Yes, but Mr. Black was asking if there was any mechanical device, such as cranes.

Sir HENRY DRAYTON: My recollection is that in Antwerp they had mechanical carriers which carried the sacks or bags of flour in a stream. You will see the same thing in principle at the Liverpool docks. When you land there, you will see the baggage coming in on an endless belt, saving all the cost of people carrying it and collecting it in these slings.

Mr. MONTGOMERY, K.C.: It is suggested, Sir Henry, that it is not practical to do that in Montreal where you are stowing other package cargo.

Sir HENRY DRAYTON: That depends on the grain they carry.

[Col. William I. Gear.]

Mr. BLACK (Halifax): I do not want to take up the time of the Committee on this detail, but to my mind the baggage principle could not be applied economically to a cargo of flour. They could not carry flour into the hold that way; it would have to be transferred to slings, and lowered into the hold, and that might just as well be done on the dock as on the deck of the ship.

Sir HENRY DRAYTON: My recollection is they did the whole thing, but I may be wrong. They had the carrier going down into the hold, too.

Mr. MONTGOMERY, K.C.: Have you finished with this statement, Colonel Gear?

*By the Chairman:*

Q. You say it works out at a difference of about seven cents per pound? —A. Only the handling charges—make that clear.

*By Mr. Montgomery, K.C.:*

Q. What about the space occupied?—A. Flour occupies 25 per cent more space than grain.

Q. Have you a blue-print that would illustrate that?—A. I have, sir.

The CHAIRMAN: That will be filed as Exhibit No. 57.

EXHIBIT 57: Blue-print showing comparative space occupied as between flour and grain. (Not printed.)

*By Mr. Montgomery, K.C.:*

Q. Will you carry on, Colonel Gear?—A. What is next, sir?

*By the Chairman:*

Q. How does that affect the cost?

*By Mr. Montgomery, K.C.:*

Q. Will you carry that into figures? You have told us it occupies 25 per cent more space than grain, and have given us the cost of handling. To what does that lead us?—A. Taking wheat at three shillings per quarter, exchange at 4.80, gives us 15 cents per hundred pounds; 25 per cent more room for flour than grain adds  $3\frac{3}{4}$  cents to the 15 cents, making  $18\frac{3}{4}$  cents; adding the additional cost of 6.95, gives us a flour rate of 25.70 as against a 15 cent grain rate.

Q. Now, you were also asked to get information with regard to the changes in cattle rates over a certain period of years?

The CHAIRMAN: I think we had better produce this whole statement of the Colonel's, had we not?

Mr. SYMINGTON, K.C.: We ought to have it checked up, because the millers will never accept these rates.

The CHAIRMAN: We will produce this as Exhibit No. 58.



No. 1.

## EXHIBIT No. 58

EARNINGS ON FLOUR AS COMPARED WITH GRAIN  
ON LONDON CARGO

May 4, 1925

## LONDON BOATS

Flour		Grain	
Expenses at Loading Port	At Discharging Port	Expenses at Loading Port	At Discharging Port
Handling.....	·79	3/6 per ton=84c. at \$4.80 ex.	Stevedores..... ·134
Checkers.....			Elevating 4/10ths of a cent per bushel..... ·173
Shedmen.....	·15		Lining and carpenters.. ·067
Watchmen.....			Cost plant..... ·035
Carpenters.....	·01		Overhead..... ·012
Shed rental.....	·10		
Tarpaulins.....	·02		
Straw.....			·421
Cost plant.....	·035		·18
Dunnage.....	·19		
Overhead.....	·013		
Miscellaneous.....	·01		
	1·318		
	·84		
Total.....	2·158		
		Total.....	\$0·601 per ton

No. 2

## FLOUR

Space			
60,000 cu. ft. 1,000 tons at 20c. per 100 lbs.....		\$ 4,480 00	
Less cost of handling at \$2,158 (per ton).....		\$ 2,158 00	
“ claims at 12c. per ton.....		120 00	2,278 00
			<u>\$ 2,202 00</u>

## GRAIN AT 3/- PER Qr. 480 LBS.

60,000 cu. ft.—6,000 qrs. at 3/- = £900 at \$4.80 Ex.....		\$ 4,320 00	
Less cost handling 6,000 qrs. at 480 lbs. to qr., 1,285 tons at 601c.....		772 29	3,547 71
			<u>\$ 1,345 71</u>
In favour of grain.....			

## GRAIN AT 2/- PER 480 LBS.

60,000 cu. ft.=6,000 qrs. at 2/- = £600 at \$4.80 ex.....		\$ 2,880 00	
Less cost handling 6,000 qrs. at 490 lbs. to the Qr.=1,285 tons at 601c. per ton.....		772 29	\$ 2,107 71
Flour.....			<u>2,202 00</u>
In favour of flour.....			<u>\$ 94 29</u>

		May 4th, 1925	
Loading Flour.....	\$ 1.318	Loading Grain.....	.421
Discharging 3/6, London.....	.84	Discharging London.....	.18
	<hr/>		<hr/>
	2.158		.601
Less cost Grain.....	.601		

1.557 per ton—6.95c. per 100 lbs. to advantage of grain.

Wheat at 3/- per qr. at 4.80 ex.—72c. per 480 lbs—	15c. per 100 lbs.
As flour (60 ft.) takes 25% room than Grain (48 feet) add.....	3.75 per 100 lbs.
	<u>18.75</u>
Add additional cost over grain.....	6.95
	<u>25.70</u>

This will vary as grain advances or declines on account of the 25% stowage being effected by the basic rate.

Special handling in stowage, claims, on flour heavy, none on grain.

Difference in stowage—

Flour stows in 60 ft.

Grain stows in 48 ft.

Time occupied in loading, Flour—16 men to gang, 16 tons per hour per hatch.

Grain—by elevator 320 tons per hour per hatch,

but usually two hatches can be run at a time, sometimes only one.

*By Mr. Montgomery, K.C.:*

Q. Now, the changes in cattle rates, Colonel Gear?—A. Shall I read these?

Q. Yes.

Mr. SYMINGTON, K.C.: There is a lot of stuff in here (Exhibit 58) "Earnings on flour," etc. Is this going in too?

*By Mr. Montgomery, K.C.:*

Q. Mr. Symington asks whether the second page of this statement (Exhibit 58) entitled "Earnings on flour as compared with London cargo" goes in. It does, does it not—if any of it goes in?—A. Oh, yes, put it all in.

Mr. SYMINGTON, K.C.: It has not been discussed.

The WITNESS: Now, cattle rates: I was asked to produce to the Committee the cattle rates over the years 1921, 1922, 1923, and 1924. I guess I had better read them to you.

The CHAIRMAN: Yes, read them. It will not take very long.

The WITNESS: Yes, it would be better to read them; everybody will have them then:

The CHAIRMAN: I think we had better produce this as an exhibit, with the Colonel's permission.

## EXHIBIT No. 59

April 27th, 1925

## CATTLE RATES

	Manchester Liners	Donaldson Line	White Star
1921—			
February.....		\$40 00	
March.....		35 00	
April.....	\$40 00	35 00 to 40 00	
May.....	40 00	35 00 to 45 00	
June.....	40 00	40 00	\$40 00
July.....	40 00	30 00 to 40 00	30 00 to \$40 00
August.....	40 00—\$30 00	30 00 to 40 00	30 00
September.....	30 00	30 00 to 37 50	30 00
October.....	30 00	25 00 to 30 00	30 00
November.....		25 00 to 30 00	30 00
December.....		20 00 to 30 00	20 00 to 25 00
1922—			
January.....	20 00	20 00	
February.....	20 00	20 00	20 00
March.....	20 00	20 00	20 00
April.....	20 00	25 00	20 00, 22 50 & 25
May.....	22 50	25 00	25 00
June.....	25 00	25 00	25 00
July.....	25 00	25 00	22 50 to 25 00
August.....	25 00	25 00	22 50 to 25 00
September.....			20 00 to 25 00
Oct., Nov., Dec.....	20 00	20 00	20 00
1923—			
Jan./Feb.....	20 00	20 00	15 00
March.....	20 00	20 00	20 00
April.....	20 00	22 50	20 00
May.....	20 00	22 50 to 25 00	22 50

and \$20.00 up to the present time.

*By the Chairman:*

Q. Hon. Mr. Sinclair suggested that perhaps you might explain the variations, Colonel. Might I interject that question at this time, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Yes, certainly.

The WITNESS: The variations depended on the demand, in each line's opinion as to what the rate was worth.

*By Mr. Symington, K.C.:*

Q. Is that what brought, for instance, the White Star rate down to \$15, because that is what they thought it was worth?—A. I really do not know what made them come down to \$15.

Q. Then your answer was not quite accurate?—A. As far as I know my answer is accurate.

*By Hon. Mr. Sinclair:*

Q. At the lowest points, Colonel Gear, are we to understand that that is the time of year when the most cattle is moving, or is it the other way about?

The CHAIRMAN: Did you hear the question, Colonel Gear?

The WITNESS: Yes. I simply want to see if I can answer it thoroughly. It entirely depends upon the season, and the demand for stock in England and Scotland.

[Col. William I. Gear.]



*By Mr. Symington, K.C.:*

Q. Are there any months when it moves more heavily than others, generally speaking, Colonel?—A. Take the present year; we have had a demand for nearly all the space we have got. Another year it will be just the reverse. It depends upon the markets.

*By Hon. Mr. Sinclair:*

Q. The Colonel tells us the variations in price are according to the demand. He might explain that a little more. When the demand is keen, are we to understand that the price is more, or less?—A. When the demand is keen, we try to get a little more for the trade.

*By Mr. Montgomery, K.C.:*

Q. I understand that the current cattle rate is approximately \$20, is it not, or is it \$20?—A. It is \$20.

Q. What have you to say as to that, as a remunerative rate, as compared with other average cargoes?—A. Cattle between decks does not pay as well as grain, or rather as well as flour.

*By the Chairman:*

Q. That is cattle between decks?—A. Yes sir.

Q. It does not pay as well as flour, but what about cattle carried on the top deck?

*By Mr. Montgomery, K.C.:*

Q. You do not carry flour there, I suppose?

THE WITNESS: What was your question, sir?

*By the Chairman:*

Q. My question was, you gave us your view that cattle did not pay as well between decks as flour did, and I asked you how cattle paid carried on the top deck?—A. My opinion is that carrying cattle on the top deck does not pay, that the deviation charges and extra port charges that we have to go through eat up the price that we get for the deck.

*By Mr. Montgomery, K.C.:*

Q. Now, I understand that in comparisons of this kind, a great deal would depend upon the type of the ship, would it not?—A. Certainly it would.

Q. The cubic space that is sacrificed for the flour, or for other cargo, particularly where you are speaking of carriage between decks, that is true, is it not?—A. It is true.

Q. The question of height?—A. The height of the 'tween decks.

Q. The height of the 'tween decks, consequently the number of feet sacrificed would have, of course, a bearing on your comparison, would it not?—A. It would.

Q. So that between different lines and different boats, you would find somewhat different figures?—A. You would find a variation.

THE CHAIRMAN: But why does the Colonel talk about deviation? I was trying to compare or get an idea as to the remunerativeness of carrying cattle in a certain part of the ship. He answered that the deviation they have to make eats up the profit.

MR. MONTGOMERY, K.C.: I think he is speaking of something else. He, as I understand it, was giving a comparison between decks, something upon which flour, for instance, could be carried. I am not a stevedore, or a ship man, and I do not understand about carrying on the top deck, consequently for your comparison you have to get some things which are on a common

[Col. William I. Gear.]

basis. The other question is a different one, as to the cost of something else, but the question I am at present taking is something which is comparable, namely the occupation of the same space by two cargoes for which it can be used, and as to how one compares with the other. That other question as to the carriage somewhere else can be taken up independently.

Mr. SYMINGTON, K.C.: What the Chairman is getting at and what I would like to know is, there is a deviation charge when they are on deck and none when they are not on deck?

Mr. DUFF: They carry them for less on deck.

Mr. SYMINGTON, K.C.: The deviation and the port charges eat up the profits for the deck load.

Mr. MONTGOMERY, K.C.: I think we should finish this question first.

The CHAIRMAN: I have no desire to break in on your examination. Proceed.

The WITNESS: I have used for a comparison a boat just fitted up at St. John. I have all the accounts and I thought I could not do better than get away as far as possible from estimates and I have the accounts with me. The estimate is made up on the basis of 351 cattle and the cost of carrying these 351 cattle, fitting up for these 351 cattle is \$8.28 per head.

*By Sir Henry Drayton:*

Q. That could be used again, could it not?—A. I was going to say that that includes simply a depreciation for the space, depreciation on the cost of fittings.

*By Mr. Symington, K.C.:*

Q. The fittings, not the space; a depreciation on the structure?—A. Yes.

*By Mr. Kennedy (Glengarry):*

Q. Is that on deck or 'tween deck?—A. 'Tween deck: Allowing an extreme time for the stalls to last, ten years, which some of my confreres think is out of the way; they think it should be five years, but for fitting this boat up, hoping she will be permanently in the cattle trade, I have taken in the cost of loading the feed, loading the cattle, cleaning the ship on the other side and all incidental expenses in connection with the matter, which comes to \$8.28. On this particular boat we carried 247 cattle in the 'tween decks. Taking the cattle at \$20 a head, less the expenses, the net earnings would be \$2,894.84. Taking flour at 20 cents in that space we would make an earning of \$3,822.01; in favour of flour \$927.17.

*By Mr. Duff:*

Q. Have you deducted handling charges out of the flour?—A. Yes, \$2.15.8.

*By Mr. Montgomery, K.C.:*

Q. What rate do they use for flour?—A. 20 cents.

Q. So your net loss would be— —A. We have not taken into account the cost of deviation as our boats carrying cattle are sailing almost exclusively to Avonmouth; we have to land cattle at either Glasgow or Birkenhead, so we have to take care of a deviation, that deviation costs us £505. I have taken no account of possible demurrage because the boat is not ready to sail when we order the cattle. I would like to say for the benefit of the Committee that we have to order cattle for the steamer on an average of ten days ahead. We have to take all the chances of the boat getting in on time and sailing on time and if we fail to sail her on the hour we have to pay demurrage on the cattle. That is a charge we are frequently faced with.

Q. To avoid that do you have to work overtime?—A. We do sometimes, overtime at night; sometimes three or four nights to get the boat ready.

Q. Is that an extra expense?—A. That is an extra expense in handling the cargo.

Q. None of these items are taken into account at all in the figures you have given us?—A. No. Answering the Chairman's question now regarding the deck, I did not in my estimate, based on facts, take the deviation into account but in carrying the deck load I am putting a deduction against that deck load there is no profit in the business.

*By Mr. Symington, K.C.:*

Q. Why do you put it against the deck-load and not the other?—A. I did not think you were going to bring the deck-load up and I was simply putting the actual absolute expense without referring to the deviation except to mention it.

*By Sir Henry Drayton:*

Q. Suppose we were to get an illustration in connection with deck loads it might help us. You are comparing it with another cargo 'tween decks. Now, you load deals on deck. What would be the comparison between cattle and deals?—A. I would require to take a few minutes to figure that up for you. I have not got it.

Q. That would be fairer, say, to take the deck load, than changing the deviation?—A. Yes.

*By Mr. Duff:*

Q. Do you charge the same rate for cattle on deck as you do for under deck?—A. Yes.

Q. Why is that?—A. We have only one rate for cattle whether on deck or under deck.

Q. It is worth more to carry them under deck?—A. That shows our generosity to the trade.

Mr. SYMINGTON, K.C.: Is that statement going in that you are giving us?

The CHAIRMAN: I presume so. You had better produce them.

The WITNESS: Mr. Montgomery, have you got a copy of this?

Mr. MONTGOMERY, K.C.: Yes, I have one. That was just handed to me. Have you any objection to putting it in.

The WITNESS: No, I will put it in if they wish it. I will put in this copy but I have these figures here.

The CHAIRMAN: This is Exhibit No. 60.



## EXHIBIT No. 60

May 4th, 1925

Feed space 351 cattle—10,000 c.f. at 10c.....	\$ 1,000 00
“ 11 men, 1 foreman, 1 Vet., 1 add. men in crew—14 men 26 days at 75c..	273 00
Space occupied by men equal to about 6 cattle at \$20.00.....	120 00
Stalls upkeep \$1.00 per voyage.....	351 00
“ good for 10 years cost \$3,510.....	\$ 3,510 00
Water service and other necessary fittings.....	464 65
Light.....	199 65
Rope.....	211 59
	<hr/>
	\$ 4,385 89

Bunks cost about \$280.00, 12, say repairs, etc. about.....	10 00
10 years—\$439.00, depreciation per year say 8 voyages, per voyage.....	54 88
Water casks, 26 at \$2.00, depreciation at 25%.....	13 00
Stalls knocked down to stow cargo, reerected 2/3 Tween decks.....	112 00
Loading cattle feed 142,155 pounds at \$1.48 per ton.....	93 92
“ “ 351 at .506c. per head.....	177 61
Unloading cattle and cleaning ship at \$2.00.....	702 00
	<hr/>
351 cattle at \$8.28 per head.....	\$ 2,907 41

*Cattle loaded on this trip—*

247 cattle in 91,370 c.f. plus 7,410 c.f. for feed=98,780 c.f. at 60 c.f.....	1,646 tons
247 cattle at \$20.00 per head.....	\$ 4,940 00
less for expenses at \$8.28 per head.....	2,045 16
	<hr/>
	\$ 2,894 84

*Flour—*

1,646 tons at 2,240 lbs.—3,687,040 lbs. at 20c.....	\$ 7,374 08
less handling on both sides \$2.158 per ton.....	3,552 07
	<hr/>
In favour of flour.....	\$ 927 17

400 cattle want 300 tons water.

Feed per animal per voyage—300 lbs. hay, 105 lbs. feed for 15 days.

Steam waiting cattle.

Demurrage we pay 50c. per head per day.

Deviation: Donaldson Line sail to Monmouth but have to land cattle at Glasgow or Liverpool.

Port charges.....	£ 230
3 days.....	120
Coal.....	155=120 tons coal at 26/-
	<hr/>
	£ 505

*By Mr. Symington, K.C.:*

Q. Before you adjourn, Colonel Gear, you were going to look up about a communication from Cairns-Noble about the 5th or 6th of June. Did you look that up?

Mr. MONTGOMERY, K.C.: Let us get that in the morning.

The WITNESS: I will get that for you in the morning.

The Witness retired.

The Committee adjourned until 3.00 o'clock, May 6th, 1925.



## MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

WEDNESDAY, May 6, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Peterson, K.C.B.E., as set out in said resolution, met to-day at 3 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The quorum being present, the Committee will kindly come to order. I suppose we should, first of all, have correspondence and motions. Have Counsel anything to say to the Committee?

Mr. SYMINGTON, K.C.: Mr. Chairman, I asked yesterday, as you know, for the information furnished by the Cunard and White Star Lines, and my learned friends handed to the auditor the Cunard information. I want to state to the Committee that in consultation with him, he states that the information is absolutely useless. In fact, his language was that it was "an insult to his intelligence to give it to him" for it is of no use at all. Now, we might just as well know where we are going to be with respect to this information. If my friends are not going to produce anything that is of use, let them say so. There is no use in producing anything such as the Cunard people have sent out here, because it is absolutely useless, according to Mr. Scott's instructions to me.

Mr. MONTGOMERY, K.C.: I am sorry that Mr. Scott should not have told us. This is the first intimation we have had regarding this matter. I have not seen it, so I cannot pass any judgment, but I know they were requested to send full information, and I understand it came. We can only produce what we have received. If the information differs in any way from the information given by the other lines, we would be glad to have those differences called to our attention. We have done everything we can to get this information, but you can readily appreciate the difficulty of getting stuff from the other side. It all has to be cabled for, and it is quite possible the information made up by one office independently may not be the same as that made up by the others. That is one of the regrettable circumstances incidental to conducting an inquiry on this side regarding voyage accounts which are on the other side. I wish to state to the Committee that it is our disposition to give the Committee and Mr. Scott all the information in our power, but I cannot deal with my learned friend's complaint specifically, because I do not know what it is.

Mr. SYMINGTON, K.C.: We asked, of course, for the voyage records which would show the earnings and disbursements of the ships, and we have not got them from any of the British lines. The Cunard's statement consists of three sheets, of what is virtually a supposed balance sheet, and the boats—for the purpose, I presume, of the secrecy which seems to me to be a good deal of cant—are numbered "A," "B," "C" and "D." They use symbols throughout, and the results of any voyages we have not got; even such as were produced by some of the other British lines in the form of a statement made up in their own way, which attempted to show them. We have nothing like that in this information. They simply show what is virtually a balance sheet—that is all; it amounts to



nothing. Mr. Scott, I may say, is making up from what he has a statement for this Committee as well as he can, but it will all be predicated by his own judgment. Even eliminating a good many things which have been included by the other lines, it still will not paint a correct picture of the freight traffic upon the North Atlantic. The Committee may as well know that. We wanted the voyage sheets so that we would know the actual disbursements and the actual receipts, and we have not got them.

Mr. MONTGOMERY, K.C.: I think there may be a considerable difference of opinion as to what voyage sheets are. In the only conversation which I had with Mr. Scott I asked him if he had all the information he wanted, and he said there was not sufficient detail. I found out that what he wanted was the actual detail behind everything that goes into the voyage sheet. The voyage sheets I have seen—and I do not profess any familiarity with them—do not contain down to the nth degree the details of everything. That can only be secured by an audit. They can go over to the other side and audit all the books and records. The only company which has an office here, the C.P.R., have thrown their records quite open to Mr. Scott, so he can go and look for anything he wants. Obviously, all that information cannot be had over here, and I am told the voyage sheets required are the ordinary voyage sheets.

Now, of course, it will be for the Committee to say to what extent they wish to carry out a thorough audit of all these things. If they do; obviously it will be necessary for Mr. Scott to go to England, and make an audit personally, if my learned friend will not accept the report of the regular auditors of the company, or else delegate some correspondent there to do it, because I am quite sure we could never get before this Committee all the detailed information which Mr. Scott might conscientiously feel he would require in order to attach his certificate to a statement, as he would do in the ordinary way if he were the auditor of the company, and were giving an audited balance sheet. A thing like that will be almost impossible and impracticable, and while we want to facilitate matters all we can, I do not want to leave my learned friend with the impression that we will do the impossible.

The CHAIRMAN: May I make this suggestion: that prior to our next meeting a conference be held between Mr. Symington, the auditor, and Mr. Montgomery, to see what Mr. Scott feels he requires in order to fulfil his duties satisfactorily, and then we will be able to see how far apart Mr. Symington and Mr. Montgomery are. Perhaps they are nearer than would appear at first blush.

Mr. SYMINGTON, K.C.: My judgment would be that we are farther apart.

Mr. MONTGOMERY, K.C.: I think my learned friend is not feeling well to-day.

Mr. SYMINGTON, K.C.: The fact is that everybody knows what we wanted. We wanted a statement of actual earnings and actual disbursements; we do not want accounts brought in and prepared with certain charges apportioned over this, that and the other thing; we do not want earnings with commissions and brokerages and other things of which we do not know, deducted; we wanted to see what the ships carried; what they got for it; what the actual disbursements were; arriving at the net profit or loss from these figures, and the capital charges and other apportionments and other things could be added to them thereafter. But as guiding this Committee as to what sort of ships make money, as to what cargoes make money, as to whether the lines have or have not made money, the statement—and I exclude the C.P.R., because it is perfectly true, as my learned friend says, that Mr. Flintoft stated to the auditor he could go to the C.P.R. offices, although even there is a difficulty, not of their making, in their system, which would make that difficult—of the British lines—as far as they are concerned—I am satisfied, and the auditor is satisfied that it is

quite impossible to arrive at any conclusion along the lines I have suggested. All we wanted was the actual disbursements and the actual receipts, and we cannot get them.

Mr. MONTGOMERY, K.C.: I think my learned friend is stating his point in rather a severe way. I am quite sure he has them, and it is unfair for him to say that he cannot get them. I say this without having seen the last statement of accounts to which he refers, and I so do because the only difficulty I have had suggested to me was regarding the details behind the items. Well, to the extent that these details may or may not involve inquiry in itself among the original records, it will be for the Committee to say whether they want that done or not.

Hon. Mr. STEVENS: May we say "the statements alleged to be—."

Mr. SYMINGTON, K.C.: I told Mr. Scott and he said he would like to give them to any other member of the Committee and he would show him these things in room 663.

Mr. MONTGOMERY, K.C.: We have expressed the opinion that any member who has any knowledge of voyage sheets or who is interested in the question should look at the statements. I can only reiterate that we have tried so far to lay before the Committee every bit of information that is in our possession. I trust that will satisfy you.

Mr. SYMINGTON, K.C.: It is not me you are satisfying.

Mr. MONTGOMERY, K.C.: If that is disposed of for the time being there is just one other suggestion that I would like to make. I understood it was to be left over for the next meeting.

The CHAIRMAN: That was my suggestion. That is satisfactory to everybody, as far as that goes. We will ask the three gentlemen to get together and find out not how far apart they are, but how near you can get together.

Colonel WILLIAM I. GEAR recalled.

*By Mr. Montgomery, K.C.:*

Q. Col. Gear, at the adjournment last night you were asked to get particulars as to the comparative revenue between cattle on the upper decks and say deals on the upper deck. Have you been able to get that information?

—A. Yes, sir. I have got it on several boats of the Donaldson Line,—the *Concordia*. On her deck are 134 cattle spaces, which at the \$20 rate give a gross revenue of \$2,680. In the winter, owing to the winter deck load being limited, she would carry 137 standard deals, at 70s. which gives a revenue of \$2,301.60, a slight advantage of \$378.40, in the gross revenue on cattle. In the summer she could carry 406 standards at 70s, giving a revenue of \$6,820.80, showing the revenue in favour of deals \$4,140.80.

Q. Now how does the cost of fittings for the top deck compare with the cost of the under-deck?—A. On the *Silesia*—a boat I was using yesterday—the cost of fittings was \$25.21.

*By Sir Henry Drayton:*

Q. Is that per stall?—A. Per stall, yes.

*By Mr. Montgomery, K.C.:*

Q. As compared with what figures for the lower?—A. These are permanent stalls. The permanent stalls 'tween decks cost a little over \$10.

Q. I understand where boats are thrown into the cattle business temporarily, with the idea that they will probably have to go back in the cargo business, when the cattle season is over, that they are frequently fitted with stalls that are not permanent?—A. That is correct.

[Col. William I. Gear.]

Q. And that are knocked down at the end of the season?—A. Taken off the ship entirely at the end of the season.

Q. Have you any idea of the cost of fittings of that kind?—A. In the 'tween decks they would amount to \$8 or \$10; on the steel deck \$18 to \$20.

*By Hon. Mr. Sinclair:*

Q. Are those stalls not taken down on the return trip on every voyage?—A. No, they are not taken down, but there are very heavy repairs as a rule required.

Q. I suppose westbound, the other space may be used for cargo; does the amount of westbound cargo necessitate taking down the temporary fittings on the return voyage?—A. It depends on the class of cargo the vessel brings out. If the vessel brings out steel plates, which are more advantageously stowed in the 'tween decks, then they have to take the stalls down.

*By Mr. Montgomery, K.C.:*

Q. Your cattle rate last year, I think you told us, was \$20?—A. \$20.

Q. And the prevailing rate was \$20?—A. Yes.

Q. Your head offices, so far as your line is concerned, and I think it applies to all except the Canadian Pacific, are in England, are they not?—A. Yes, sir.

Q. And returns are converted into sterling?—A. Yes, sir.

Q. Have you any idea of the comparison of the rate of exchange in 1925 as compared with 1924, to give us an idea how much in sterling they both would get in 1925 as compared with 1924?—A. Taking the month of March, 1924, and the then ruling rate of exchange, the steamer got £4 12s. 2d. To-day at the rate of exchange at \$4.84, they get £4 2s. 7d. or a loss of 9s. 7d. per head.

Q. I suppose those exchange rates would vary somewhat during the year 1924? You have given them only for the month of March?—A. Yes.

Q. If the rates changed that could be conveniently ascertained?—A. Yes.

Q. But the 1925 figures would compare very unfavourably with the 1924 as regards the returns of the English shipowners?—A. They would.

Q. The advance towards parity has been a comparatively recent one in 1925, has it not?—A. Very recent, in 1925.

Q. Near the conclusion of your evidence last night you were asked certain questions in regard to an item of dunnage, separating your grain from your flour. I would like to know whether or not that is something that should be charged to the grain, as my learned friend suggested, or whether it is a charge which the flour would have to bear in any event?—A. The flour would have to bear it in any event.

Q. Why?—A. If the flour is stowed in the 'tween decks instead of on top of the grain, the steel deck has to be floored with lumber and covered with dunnage cloths to protect the floor, so that the cost is the same.

Q. My attention is drawn to the fact that not only does the shipowner get less for the cattle, due to the rate of exchange, but the cattle shipper on the other hand gets an advantage the other way. However, that is a matter of argument.—A. Yes, that is a matter of argument.

Sir HENRY DRAYTON: That all goes now anyway; that is only useful historically; and the only use to which it can be put at all is what was suggested before, but not followed up, and that was the difference that we could buy in Canadian funds sterling, and American funds, at the time of what on paper looked like a very gross differential as against Canadian flour.

Mr. MONTGOMERY, K.C.: I suppose the great point in this is that the freights being taken here, obviously would yield less to the shipper when in sterling on the other side than they did last year. So that this year's freights at \$20 are really that much less than last year's freights; but taking it just as

[Col. William I. Gear.]



the calculation is given, taking it in the difference of rates of exchange alone, over all, it figured out there as a difference of \$2.

The CHAIRMAN: It is probably adjusted in the prices.

*By Mr. Montgomery, K.C.:*

Q. Have you anything to add about dunnage? Mr. Flintoff suggests that you have not finished?—A. No. I had finished.

*By Sir Henry Drayton:*

Q. In connection with the cattle movement, Colonel, what is the cattle season? When does it start and stop in Montreal?—A. The cattle season in Montreal begins with the opening of navigation, and closes with the end of November.

Q. And in St. John?—A. It begins with the close of the Montreal season and continues until the opening of the Montreal season; but it is a yearly movement in some years. Some years it is not.

Q. When is your maximum and when is your light movement? Can you show the trend there?—A. The movement varies. In 1923 we had on January 5 a full boat of 355 head. But on January 11, with a boat of 460 spaces we only had 235 cattle.

*By Hon. Mr. Sinclair:*

Q. Were those spaces not taken at all?—A. No, sir, they were not taken at all. On March 22, 1923, we had a boat with 460 spaces and only had 221 cattle.

June 3, with 494 spaces, we only had 395 cattle.

On the other hand, on August 18, with 410 spaces we only had 276 cattle.

So far as I know, there is no set condition, it is purely, as I stated yesterday, one of market. If there is a demand on the other side, the cattle are shipped freely; if there is no demand, they are held up. For instance, on April 26, last year, we had 420 spaces and we only got 224 cattle. On March 13, 410 spaces, and 247 cattle. January 16, 400 spaces and 246 cattle.

In midsummer, we look for light shipments, because the farmers have got good grazing lands and plenty of water and they will hold the cattle back and fatten them a little. On the other hand, if they have a little drought, they will ship. The business is entirely one of market conditions and feeding.

I have another item here to show you; on August 14, last year, we had 420 spaces and only 275 cattle.

*By Mr. Kennedy:*

Q. Is there a general movement of cattle?—A. It has been this year.

Q. It is a more or less new business and has only been developing?—A. It has only developed since the embargo was removed.

Q. Is the general trend of the movement a growing one?—A. Yes, this year the cattle steamers, speaking for our own line, have been well filled. Filled to their capacity.

*By Mr. Duff:*

Q. Have you figured out what percentage of the space on your different boats is taken during the whole season, on the eastbound trip?—A. You mean in cargo?

Q. Yes, general cargo. What percentage of the space is taken?

Mr. SYMINGTON, K.C.: I think those ought to go in. Instead of selecting certain ones, the whole thing should go in, including this year's, that you have there, 1924 and 1925.

The CHAIRMAN: This is headed, "Statement of capacities and carryings Anchor-Donaldson Lines for 1923-24-25 to date."

The WITNESS: These are only our own boats.

The CHAIRMAN: Put those together as Exhibit 61.

### EXHIBIT No. 61.

#### STATEMENT OF CAPACITIES AND CARRYINGS DONALDSON & ANCHOR DONALDSON LINES, 1923, 1924, 1925 TO DATE

Steamer	Date	Capacity Spaces	Carried Spaces
1923			
<i>Gracia</i> .....	Jan. 5	355	355
<i>Concordia</i> .....	Jan. 11	460	235
<i>Lakonia</i> .....	Jan. 26	454	439
<i>Kastalia</i> .....	Feb. 2	408	326
<i>Gracia</i> .....	Feb. 25	355	338
<i>Concordia</i> .....	Mar. 22	460	221
<i>Cabotia</i> .....	April 28	84	84
<i>Concordia</i> .....	May 17	460	460
<i>Gracia</i> .....	June 2	456	456
<i>Parthenia</i> .....	June 3	494	395
<i>Lakonia</i> .....	June 8	454	454
<i>Cabotia</i> .....	June 10	84	84
<i>Concordia</i> .....	June 27	460	460
<i>Gracia</i> .....	July 1	456	456
<i>Kastalia</i> .....	June 23	408	408
<i>Parthenia</i> .....	July 11	494	411
<i>Lakonia</i> .....	July 20	454	449
<i>Cabotia</i> .....	July 18	84	84
<i>Kastalia</i> .....	July 29	408	405
<i>Gracia</i> .....	July 27	463	463
<i>Concordia</i> .....	Aug. 11	460	445
<i>Parthenia</i> .....	Aug. 18	410	276
<i>Gracia</i> .....	Aug. 25	456	337
<i>Cabotia</i> .....	Aug. 26	84	84
<i>Lakonia</i> .....	Sept. 1	445	374
<i>Concordia</i> .....	Sept. 18	460	387
<i>Parthenia</i> .....	Oct. 3	410	356
<i>Gracia</i> .....	Sept. 22	456	270
<i>Gracia</i> .....	Oct. 20	456	456
<i>Lakonia</i> .....	Oct. 31	445	255
<i>Parthenia</i> .....	Nov. 14	410	361
<i>Gracia</i> .....	Nov. 18	456	289
<i>Kastalia</i> .....	Nov. 29	400	393
<i>Lakonia</i> .....	Dec. 24	445	404
<i>Gracia</i> .....	Dec. 29	420	33
1924			
<i>Kastalia</i> .....	Jan. 16	400	246
<i>Parthenia</i> .....	Jan. 22	410	181
<i>Lakonia</i> .....	Feb. 19	445	443
<i>Parthenia</i> .....	Mar. 13	410	247
<i>Kastalia</i> .....	Mar. 24	400	400
<i>Parthenia</i> .....	April 26	410	224
<i>Gracia</i> .....	May 9	420	191
<i>Concordia</i> .....	May 10	460	217
<i>Kastalia</i> .....	May 30	400	397
<i>Parthenia</i> .....	June 6	410	360
<i>Gracia</i> .....	June 5	420	317
<i>Buteshire</i> .....	June 19	197	196
<i>Concordia</i> .....	June 20	533	532
<i>Kastalia</i> .....	June 29	464	452
<i>Gracia</i> .....	July 10	420	314
<i>Parthenia</i> .....	July 18	410	358
<i>Buteshire</i> .....	July 24	197	194
<i>Concordia</i> .....	Aug. 1	533	533
<i>Gracia</i> .....	Aug. 14	420	275
<i>Kastalia</i> .....	Aug. 8	464	464
<i>Parthenia</i> .....	Aug. 29	410	410
<i>Gracia</i> .....	Sept. 11	420	316
<i>Concordia</i> .....	Sept. 12	533	533

[Col. William I. Gear.]

STATEMENT OF CAPACITIES AND CARRIINGS DONALDSON & ANCHOR DONALDSON  
LINES, 1923, 1924, 1925 TO DATE—*Con.*

Steamer	Date	Capacity Spaces	Carried Spaces
	1924		
<i>Kastalia</i> .....	Sept. 19	546	546
<i>Gracia</i> .....	Oct. 9	317	314
<i>Parthenia</i> .....	Oct. 10	494	481
<i>Kastalia</i> .....	Oct. 19	546	546
<i>Concordia</i> .....	Nov. 1	533	533
<i>Parthenia</i> .....	Nov. 22	494	494
<i>Kastalia</i> .....	Nov. 28	546	546
<i>Gracia</i> .....	Nov. 8	317	317
<i>Gracia</i> .....	Dec. 12	521	505
<i>Concordia</i> .....	Dec. 24	533	533
	1925		
<i>Parthenia</i> .....	Jan. 9	494	494
<i>Kastalia</i> .....	Jan. 23	550	550
<i>Concordia</i> .....	Feb. 13	533	533
<i>Kastalia</i> .....	Mar. 2	550	550
<i>Parthenia</i> .....	Mar. 7	494	494
<i>Concordia</i> .....	Mar. 27	533	533
<i>Kastalia</i> .....	April 10	550	550
<i>Salacia</i> .....	April 24	540	540

*By Mr. Symington, K.C.:*

Q. Did you put in those figures you gave of comparisons of deals, or is there anything to it except what you read?—A. Nothing to it but that.

The CHAIRMAN: Would you like that in too, Mr. Symington?

Mr. SYMINGTON, K.C.: We might want to look it over.

*By the Chairman:*

Q. Mr. Symington wants to know whether you will put in the statement as to comparative earnings on deals and cattle?—A. Yes.

The CHAIRMAN: This will be Exhibit 62.

## EXHIBIT No. 62.

COMPARATIVE STATEMENT SHOWING REVENUE FROM CATTLE VERSUS DEALS ON  
WELL DECK ON DONALDSON LINE, LTD.

(Sterling converted at \$4.80)

	REVENUE FROM CATTLE				REVENUE FROM DEALS			In favour of cattle	In favour of Deals
	No. of cattle	Rate	Amount		No. of Stan- dards	Rate	Amount		
<i>Concordia</i> .....	134	\$20	\$2,680	Winter.... Summer..	137 406	70/- 70/-	\$2,301 60 6,820 80	\$378 40	\$4,140 80
<i>Kastalia</i> .....	140	20	2,800	Winter.... Summer..	150 420	70/- 70/-	2,520 00 7,163 00	280 00	4,363 00
<i>Parthenia</i> .....	138	20	2,760	Winter.... Summer..	158 440	70/- 70/-	2,654 40 7,392 00	105 60	4,632 00
<i>Salacia</i> .....	190	20	3,800	Winter.... Summer..	175 475	70/- 70/-	2,940 00 7,980 00	860 00	4,180 00



The CHAIRMAN: Now if the reporter will read Mr. Duff's question. (Question read.)

The WITNESS: For the Cunard, Anchor-Donaldson, Donaldson, and Cairns-Thomson Line steamers, for 1924, eastbound, vacant 14.66 per cent.

Mr. DUFF: I wanted it answered the other way.

Sir HENRY DRAYTON: Let us get this first. This is not an answer to your question.

Mr. DUFF: I would like the answer reversed, which would make it 85 per cent, full. Instead of having the vacant space, let us have the space taken.

The WITNESS: 85.34 full, that is eastbound.

*By Mr. Duff:*

Q. Now can you give us westbound?—A. Yes, the same lines westbound 7.8 per cent full; leaving 92.2 per cent empty.

Sir HENRY DRAYTON: The question as I understood it was in connection with the cattle shipped; what percentage of the carrying space was set aside for cattle and how much for general freight.

Mr. DUFF: No, I wanted an idea of the actual average percentage taken for the whole season. I think he has answered my question very well.

*By Mr. Kennedy:*

Q. Is there any way by which you can utilize the empty space, westward?  
A. No. Sir.

Q. It has to come west, empty?—A. Yes.

*By Mr. Duff:*

Q. What about passenger space, Col. Gear; what proportion is that, can you tell us?—A. No, I have no way of telling that just now exactly.

Q. Can you give it to us in round figures?—A. I can get it for you.

Q. I just want it in general terms. You would not be able to say?—A. No.

Q. Would it be 50 per cent, or more than that?—A. I would not say, but I will get it for you if you like.

Q. Never mind it. I had another question to ask, but I think it has practically been answered. What I wanted to find out was this; I was wondering if there were too many steamers on that route for the business offered; what do you say about that? In order to get full cargoes—if all the ships were full both ways, the present rates could be reduced, could they not?—A. Possibly that would be considered.

Q. That would be the natural thing. You would not say you are charging exorbitant rates?—A. We are not charging enough now.

*By Mr. Symington, K.C.:*

Q. Col. Gear, have you these figures you have just given us with respect to these lines individually instead of collectively?—A. No, my office gave them to me collectively.

Q. They vary materially, do they not?—A. They vary a little, but not very much.

Q. And they vary in the class of cargo?—A. They vary in the class of cargo also.

Q. For instance, the Cunard Line would carry a higher class of cargo than some of the other lines?—A. As far as the boats are concerned, they all carry an equal class of cargo, but boats coming from London get an assortment that they do not get from Glasgow, but as far as the fitness of a boat for carrying cargo is concerned, each boat is equally fit.

[Col. William I. Gear.]

Q. For instance, the Cunard Line, having bigger boats and faster boats get a higher class of traffic than boats that are not so fast, the straight liners, a better paying traffic?—A. No, not on our regular liners.

Q. Even on your freight liners?—A. The freight liners are as good, except that they cannot carry passengers.

Q. Do they get as good cargo?—A. They get as good cargo.

Q. And get as good paying cargo?—A. I will get the information for you, and that will clear the situation up.

*By Hon. Stevens:*

Q. Let me put it this way, Col. Gear. Take two boats identically the same, one running from Montreal to London and one running to Glasgow; would there be any difference in the cargo they would bring back with them?—A. Well, a boat from Glasgow will bring the products of the Glasgow factories, whereas a boat from London brings the products of the surrounding country from London.

*By Mr. Black:*

Q. What will the Glasgow boats bring, for instance?—A. The Glasgow boats will bring out Dundee goods, Paisley goods and other goods manufactured in and around Glasgow, while the London boats may bring out tea and some other articles that do not find a market in Glasgow, but as far as the trade of each port is concerned, each boat is fully up to the standard.

*By Mr. Symington, K.C.:*

Q. London and Liverpool are much better Westbound ports than Glasgow?—A. They are.

Q. That makes a tremendous difference in the earnings?—A. It makes some difference.

Q. A large difference in the earnings?—A. No, I don't know that it makes a large difference. I think, Mr. Symington, it would be better for me to get you the figures, and we will be able to talk of facts.

Q. That suits me. I thought it was generally understood that Liverpool was, comparatively speaking, an excellent Westbound port as opposed to the Northern ports—Swansea, Cardiff, and these other ports?

Hon. Mr. STEVENS: Take in the four ports, London, Bristol, Liverpool and Glasgow while you are at it.

*By Mr. Symington, K.C.:*

Q. While you are doing that, if you would be so kind, give us the figures for the four lines combined, and give them to us separately; will you do that?—A. Yes, sir.

Q. In your evidence yesterday, when you were comparing cattle with flour, you made up the cost in connection with a shipment of 351 cattle at \$8.28 per head?—A. Yes, sir.

Q. That was a shipment of 351 cattle, of which 247 were 'tween decks and the balance above deck?—A. The balance were in the bridge deck.

Q. And your rate was \$20 per head?—A. Yes, sir.

Q. So that the difference between the \$8.28, your costs apart from your steaming of course and the \$20 leaves a margin of \$11.72 per head?—A. Yes, sir.

Q. In that computation you have charged, in connection with the men you take over, fourteen men, twenty-six days at 75 cents per day; that is for food?—A. Yes, sir.

Q. Do you think that is a fair figure?—A. I do.

Q. Has it been higher, or lower?—A. It has been lower; I don't know if it has been higher.

Q. When was it lower?—A. Some years ago, before the war.

Q. Is it not lower to-day?—A. Not that I know of.

Q. When were these figures made up?—A. May 4, 1925.

Q. From actual figures?—A. As near as I could get them.

Q. I am instructed by a cattle vessel shipper that 75 cents was the correct figure a year or two ago, but that to-day 54 cents would be the correct figure?—A. Well, I would consider it very incorrect.

Q. Are you prepared to say that 75 cents is fair?—A. I think that is fair.

Q. The next item you charge up is the space occupied by the men, equal to about six cattle, \$120; you are referring there to the sleeping space of the men, are you?—A. That is the accommodation provided for the men.

Q. That that space would be used, and all of it would be used for storing some other cargo if they were not carrying cattle?—A. Certainly.

Q. Your boat is running anyway, and these men sleep in bunks; you charge up, apart from the food or anything else, \$120 for space?—A. Yes, because we could have put six cattle in these spaces, therefore it is a loss.

Q. Suppose you were not carrying cattle?—A. If we were carrying deals, we would put deals there.

Q. You would put deals in the space where these men sleep?—A. Yes, sir.

Q. Then you charge up \$351 for the upkeep, during the voyage, of the stalls?—A. Yes, sir.

Q. In addition to charging up against each voyage the cost of those stalls with depreciation spread over ten years?—A. Yes.

Q. That is, in addition to charging up against the rate, the cost and depreciation of the stalls, you charge \$351 per voyage for those 351 cattle?—A. Yes.

Q. How do you arrive at that figure?—A. By the expense.

Mr. MONTGOMERY, K.C.: My learned friend is not suggesting that repairs are the same as depreciation?

Mr. SYMINGTON, K.C.: No.

The WITNESS: We cannot carry cattle without having repairs on the stalls.

*By Mr. Symington, K.C.:*

Q. And it costs \$1 per head to repair the stalls each time?—A. That is our estimate.

Q. Is it an estimate, or is it from figures?—A. 75 per cent of it is actual figures.

Q. From this one voyage you speak of?—A. For a whole season.

Q. I thought you prepared these figures from some voyage that had just occurred?—A. Not these charges.

Q. How then did you arrive at that figure; by what method did you compute it?—A. It cost us last year over 75 cents per head for actual repairs, and in addition there is about 25 cents for odds and ends, making \$1 per head.

Q. You mean odds and ends in respect to repairs?—A. Yes, in respect of repairs.

Q. Altogether repairs?—A. Yes.

Q. What is the difference between the one item of 75 cents and the 25 cents?—A. One is for material and labour.

Q. And the other?—A. The other items are, as I said before, small things that turn up, and we charge \$1 a head for repairing stalls, and we consider that fair.

Q. Who do it, the men on the boat?—A. No, the carpenters from the dock do it.

[Col. William I. Gear.]



Q. At the end of each trip?—A. Yes.

Q. Then you charge \$2 a head for discharging and cleaning the ship?—A. Yes, sir.

Q. And unloading the cattle?—A. Yes, sir.

Q. Now, how much of that is for simply driving the cattle off the ship?—A. I am not prepared to itemize that account, but that is about what it costs us.

Q. I was just looking at it, and it looks rather extraordinary. First, who does the cleaning?—A. They employ men in Glasgow to do it.

Q. How long does that take?—A. I do not know.

Q. What is there to do?—A. Clean the ship.

Q. Cleaning the ship?—A. Yes, and disinfecting it.

Q. That is, where the cattle were?—A. Where the cattle were, and disinfecting it, according to the British Board of Trade regulations.

Q. What would you pay a man per day there?—A. I do not know.

Q. How do you arrive at these figures, then?—A. Those figures are given to me; I am not in Glasgow; they are given to me as being about correct as to what it costs.

Q. For instance, I was looking at your wages, \$1.60 per day for an able-bodied seaman. Granted \$2 a day, it would take 251 men to earn that sum, cleaning that boat, which I am told is done in less than a day.—A. We have a representative from Glasgow who will answer all the questions regarding the other end of the route.

Q. And you have taken his figures on that, then?—A. I have taken the figures from our Marine Superintendent.

Q. Over there or here?—A. Here.

Q. At any rate, you charge for unloading, cleaning the ship and unloading the cattle—which I understand is just driving them out—\$2 per head or \$700 for these 351 cattle?—A. Yes.

*By Mr. Kennedy (Glengarry):*

Q. Do not the men who go over in charge of the cattle clean the ship?—A. No; we employ longshoremen from the dock.

Q. The men who go over in charge of them do not unload the cattle?—A. I do not know; I do not know what they do on the other side.

*By Mr. Symington, K.C.:*

Q. Now, then, in connection with your flour, Colonel, and your dunnage, which you have discussed—

The CHAIRMAN: I heard it suggested that perhaps the great expense was due to these being a bunch of unruly cattle from Alberta. I do not know whether there is anything in that.

Hon. Mr. SINCLAIR: Gingery.

Mr. MONTGOMERY, K.C.: I am just looking at the new cattle regulations there for the cleansing of vessels, and if, as my learned friend says, they can do all that in a day, they are some hustlers.

Mr. SYMINGTON, K.C.: Figures have been furnished to me indicating it is a day. I think they can do it in less than a day, myself.

*By Mr. Symington, K.C.:*

Q. Now, in loading flour or any other class of cargo, except grain, you use dunnage, do you not?—A. Yes.

Q. And you use boards, some of which you have from your shipments in the boat, from time to time?—A. How do you mean, sir?

Q. You have a certain amount of waste lumber around a boat, have you not?—A. But we must start out with an original cost.

[Col. William I. Gear.]

Q. All right, you start out with an original cost. What do you do with it, keep it, or sell it when you get to the other side?—A. We keep it; as far as we can we keep it.

Q. And you use it part of the time on flour and part of the time on other commodities?—A. Yes, sir.

Q. For instance, if you are loading a cargo into the hold of a boat you protect it from the floor of the boat, flour or anything else; if you are loading it on deck, you protect it the same way?—A. Yes, sir.

Q. So that in arriving at the cost of this dunnage, you had to consider the cost of the dunnage for the whole cargo throughout the year in order to arrive at that percentage, did you?—A. We took a steamer, as I explained yesterday, and we have to use clean lumber, or else we damage the flour.

Q. Just stop there. Do you tell us every time you load flour you use new lumber?—A. Not every time. You would not let me get through.

Q. I wanted to clear that up.—A. I will clear it up for you in a minute. We have to buy fresh lumber, which we estimate lasts for three voyages, and this cost of 19 cents is only for its proportion for the one voyage.

Q. That is, you charge up one-third of the cost of your dunnage lumber, on the basis that it lasts three voyages?—A. For whatever cargo is going on the trip.

Q. On the basis that it lasts three trips?—A. On the basis that it lasts about three trips.

Q. What do you do with it then?—A. It is given away or thrown overboard; it disappears.

Q. Is that the case, that in flour you have to use better lumber than in other commodities?—A. No, we do not; we buy cheaper lumber.

Q. Cheaper lumber?—A. Yes.

Q. I thought so. So tell us, then, if you can, just how you arrive at that 19 cents, because it seems a lot to me.—A. We buy lumber at \$30 a thousand, which is very cheap. Then we have to floor over an entire hold, which requires about 4,000 square feet of lumber at \$30, and then we have the flaws on top of that.

Q. And you figure that is used for flour and flour alone for three voyages, and then discarded?—A. No, it is intermixed, but whatever goes into loading the cargo, the dunnage is charged up to the particular cargo.

Q. That is the nearest we can get to it, is it?—A. That is the nearest you can get to it.

Q. Now, your figures on handling flour; how do you arrive at them?—A. As I explained yesterday, that is taken over an entire year.

Q. On flour alone?—A. That is the handling charges on flour alone.

Q. Do you keep it separate from the handling of other cargoes?—A. As I explained yesterday, we do.

Q. That is, if the stevedores are working loading a boat, you keep track of their working an hour on flour and an hour on some other cargo?—A. We do.

Q. During the year?—A. During the year.

Q. And you have arrived at 79 cents for loading flour?—A. Yes.

Q. Is that much or little compared to other cargo?—A. It all varies. I have not got my memorandum regarding other cargo.

Q. Is there any commodity—I am leaving out grain—which is cheaper to load than flour?—A. There may be.

Q. There may be anything, but is there?—A. If you want that information I will get it for you.

Q. But, Colonel, you are a man of the greatest experience.—A. Granted.

Q. Can you think of anything now?—A. Offhand I cannot.

[Col. William I. Gear.]

Q. Now, Colonel, I suppose there is no question that you, of course, as a steamship man, do recognize that if you continue to charge flour a very large amount above grain, the Canadian miller is going to suffer severely?—A. So they tell us.

Q. You believe it, do you not?—A. I do not know. Judging from their balance sheets they are making a pot of money.

Q. Which ones?—A. Several of them.

Q. Now, do you think that is an accurate statement; Colonel?—A. They are making lots of money.

Q. For the last two or three years?—A. I believe they are.

Q. Are you prepared to say they are?—A. I would like to see their accounts first.

Q. I asked you if you believed they were?—A. I believe they are.

Q. So you, then, perhaps imply, do you, that they can stand that differential and compete with the British miller who gets his grain for ten cents a hundred cheaper than they can ship flour?—A. That is purely an economical condition for them to consider.

Q. I am asking whether the steamboat companies have considered it.—A. Our economic condition is to get the freight that will pay the ship best.

Q. I am asking whether or not you do consider it?—A. We do consider it.

Q. But up to date, in any event, after consideration you have not seen fit to try and meet that particular condition?—A. We met it yesterday.

Q. Yes, I understood you had been down there yesterday.—A. I have not been down.

Q. No, I know; it is collective bargaining that you are after. You met that yesterday?—A. We did.

Q. What did you do yesterday?—A. Took two cents a hundred off it.

Q. Took two cents a hundred off the flour men yesterday? That is correct, is it?—A. Yes.

Q. Well, we have got something; I can see that. The United States Shipping Board—whether it is honoured in the breach or not—decided that there should be a five cent differential?—A. I do not think so.

Q. You know they decided that.—A. I know they got an order from the President to do it.

Q. You know the United States Shipping Board did send it to the Conference, and it is recorded in the minutes of the Conference?—A. Yes.

Q. And you do not, however, propose to do that in Canada?—A. No, sir.

Q. What you have done instead is to take two cents arbitrarily off the flour rate?—A. In the present instance.

Q. Is it because costs have gone down?—A. No, sir, it is to meet the market.

Q. Is it because the flour rate was too high?—A. We took it off to meet the market conditions.

Q. What does that mean, now? Perhaps we can get it by questioning. It is not because the expenses of steamship operation have gone down?—A. No, they have not.

Q. And it is not because the flour rate was too high?—A. We simply did it to meet market conditions.

Q. Was it because the flour rate was too high?—A. We did it to meet market conditions.

Q. Will you answer that question; is it because the flour rate was too high?—A. The millers thought it was; we did not.

Q. You say you did it to meet market conditions. What does that mean?—A. On account of grain being down to two shillings, we reduced the rate on flour.



Q. This rate on flour, then, has some relation to the rate on wheat?—A. To a certain extent.

Q. Something in the nature of a differential?—A. No, sir, no differential.

Q. How long is that rate to apply?—A. I do not think there has been any term put on it.

Q. Do you know?—A. I do not think so; I have not heard of any.

Q. Have they been asked to sign a contract that they will only patronize Conference boats?—A. No, sir.

Q. They have not been asked that?—A. Not that I know of; it is something new to me.

Q. Do you know of what took place yesterday?—A. Nothing beyond the rate.

Q. You cannot give us any more information?—A. I should think if I was on the spot down there they would never have done it.

Q. You would not have permitted it?—A. Not my line.

Q. However, it has been done in your absence?—A. I do not think so.

Q. The rate has been reduced?—A. Yes, but I do not think they have ever asked such a contract from anybody.

Mr. MONTGOMERY, K.C.: You are confusing the two, the contract and the rate.

*By Mr. Symington, K.C.:*

Q. You mean they would not have asked for such a contract, not that they would not have reduced the rate.—A. No, they would not have asked for such a contract, and I do not believe it has been done.

Q. It is not such a terrible thing? You got it from the rubber people and other people, and you reduced the rate 10 cents for them and got the contract from them, did you not, over a series of years?—A. That may be—

Q. Do you think that is an objectionable practice?

Mr. MONTGOMERY, K.C.: Let him finish his answer.

The WITNESS: Mr. Marlow has answered this question.

*By Mr. Symington, K.C.:*

Q. I am asking you. Do you think that was an objectionable proceeding?—A. Personally, I would not do it.

Q. And the reason you would not do it is that you think it is objectionable, of course, Colonel; otherwise you would do it?—A. I said personally I would not do it.

Q. Now, have you arrived at a solution with your lumber men yet in these recent negotiations?—A. Not that I know of; we have no dispute with the lumber men.

Q. You have been having a Conference with them, have you not?—A. We have had some meetings.

Q. Have you not decided what you are going to do with respect to their rates?—A. The rate is 65 shillings.

Q. What was it two weeks ago? 70?—A. 70 shillings.

Q. Have you decided what you are going to do with the produce men?—A. Nothing.

Q. You have been having meetings with them too, have you not?—A. Yes.

Q. Have you come to a decision of what you are going to do?—A. Nothing.

Q. You are going to do nothing?—A. Yes.

Q. Have you told them so?—A. No.

Q. Have you had meetings with any of the other?—A. Not that I am aware of.

Q. How about the rubber people?—A. I do not know of any other, Mr. Symington.

[Col. William I. Gear.]

Q. You know of no other?—A. No.

Q. Perhaps it might call something to your mind—Mr. Hanna is he not, the head of the Rubber?—A. I know of no other meetings.

Q. In connection with this new flour rate: Were the lake carriers in on it?—A. I do not know.

Q. Had you heard it discussed?—A. No.

Q. The question of the lake rate being mixed up with the ocean rate, so that you got this reduction?—A. No.

Q. You know of nothing of that kind?—A. No.

Q. Were the railways there?—A. Not that I know of.

Q. You were not there?—A. I was not there; I was here.

Q. Now, Colonel Gear, you took some grave exception to something about the "Canadian Carriage of Goods Act"?—A. Yes, sir.

Q. You do carry in your bills of lading, I find, in addition to specific exemptions from loss or damage, namely, "Pirates, Robbers and Thieves"—

MR. DUFF: And acts of God.

By Mr. Symington, K.C.:

Q. —those arising from malfeasance, negligence, default or error in judgment of the Master Mariners, or other persons in the service of the shipowner—you carry those exemptions, but do you not also carry exemptions that carriers are not to be liable for damage to any goods, howsoever caused, which is capable of being covered by insurance?—A. Yes, sir.

Q. Does that not cover everything?—A. I do not understand your question.

Q. Are you liable for anything, if, in addition to the specialized ones, you are not liable for anything which is capable of being covered by insurance?—A. I do not understand your question.

Q. If in your bills of lading you provide you are not liable for damage to anything which can be covered by insurance, is there anything for which you are liable?—A. Yes, we are liable, under the Canadian Carriage of Goods Act, for quite a number of things.

Q. And you have these in your bills of lading?—A. We have.

Q. Which clause is certainly not consistent with the Canadian Act, is it?—A. I am not a lawyer, and I am not disputing that point.

Q. But you undertook to criticize a lawyer in Parliament who made this statement, and criticize him rather severely, and I want to get your views?—

A. I criticized that lawyer for making the statement in the House that the lines did not have the Canadian Carriage of Goods Act in their bills of lading; I am not criticizing any opinions regarding the clauses.

Q. You know, as a matter of fact, do you not, that the Imperial Act completely over-rides the Canadian Act and permits you to exempt yourself in that way, when the Canadian Act does not?—A. That is a lawyer's opinion, and mine does not agree with some of the other parties. I think that any goods shipped—and this is only my own opinion—under the Canadian Carriage of Goods Act are liable to anything that may take place under that Act, and that no Act on the other side, if suit is taken on this side, will cancel it.

Q. Although your ship is a ship of British registry?—A. That is as I understand it.

Q. And that is the basis of your criticism?—A. That is the basis of my criticism.

Q. If the Merchant Shipping Act of England—the Imperial Act—provides, as I think you know, that anything in a Colonial Act which is contrary to the Imperial Act must be approved over there by Order-in-Council of the Imperial Parliament, do you still suggest that the Canadian Act governs?—A. In my opinion, if a man takes suit in Canada he would take suit under the Carriage of Goods Act in Canada. That is my opinion.

[Col. William I. Gear.]

Q. And that was the basis of your criticism?—A. That was the basis of my criticism.

The CHAIRMAN: Does any member of the Committee wish to ask Colonel Gear any questions?

Mr. STORK: There is just one question I would like to ask.

*By Mr. Stork:*

Q. Colonel Gear, you stated there was a charge of \$2 per head for unloading cattle. Is that in addition to the charge of \$20 per head, or is it included in the charge of \$20 per head?—A. There is no extra charge against the shipper beyond the \$20.

Q. It is taken care of in that?—A. Yes, sir.

The CHAIRMAN: Mr. Symington, did you have any other questions?

*By Mr. Symington, K.C.:*

Q. I was going to ask you, Colonel, about the production you were going to make of a letter or cable or whatever it was, dated in June?—A. Yes, sir.

Q. May I see it, Colonel?

(Document handed to Counsel).

Mr. SYMINGTON, K.C.: I think you might read that and file it.

The CHAIRMAN: This is a cable, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes.

The CHAIRMAN: From whom, to whom?

The WITNESS: This is a cable from Cairns Noble and Company of Newcastle-on-Tyne to the Robert Reford Company, Limited, of Montreal:—

“Preston accredited Canadian Government agent studying economic propositions trade between Canada and United Kingdom has cabled Minister Trade and Commerce Ottawa see you regarding amendment cattle stowage regulations stop please get in touch with Ottawa discuss any scheme whereby our ships would carry more cattle than present regulations allow stop we are negotiating with Preston carriage cattle over yearly periods Dundee.”

*By Hon. Mr. Stevens:*

Q. Signed by whom?—A. It is not signed.

*By Hon. Mr. McMurray:*

Q. Dated When?—A. Dated June 7, 1924.

The CHAIRMAN: That will be filed as Exhibit No. 63.

EXHIBIT 63: Filed by Colonel Gear cablegram June 7, 1924, Cairns Noble Company to Robert Reford Limited.

*By Mr. Symington, K.C.:*

Q. Did you get in touch with the Minister?—A. No, sir; he did not communicate with us.

Sir HENRY DRAYTON: There is no signature. Whom is it from?

Mr. SYMINGTON, K.C.: Cairns Noble Company.

*By Mr. Symington, K.C.:*

Q. It says: “Please get in touch with Ottawa”; did you get in touch with Ottawa?—A. We did not get in touch with the Marine Department.

[Col. William I. Gear.]



Q. Did you reply to that?—A. Yes. By cable of June 7, 1924, from the Robert Reford Company, Limited, Montreal, to Cairns Noble and Company, Newcastle-on-Tyne: "Recommend care in dealing with cattle party"

The CHAIRMAN: That will be filed as Exhibit No. 64.

EXHIBIT No. 64: Filed by Colonel Gear, cablegram R. R. Company to C. N. Company replying to Exhibit 63.

*By Mr. Symington, K.C.:*

Q. Now Colonel Gear, why did you not get in touch with the Minister?—

A. The cable stated the Minister would get in touch with us, and he did not do so.

Q. Is that what the cable said?—A. That is the first part of it.

Q. "Has cabled Minister Trade and Commerce Ottawa see you—please get in touch with Ottawa discuss any scheme"—etc. Did you do that?—A. We did not.

Q. Why did you not?—A. The reason was the fittings of the steamers are under the control of the Marine Department, and we had just had considerable controversy with the Marine Department, as they wanted to make the fittings a little more stringent, which we did not think was necessary, and finally we were able to prove to the Marine Department that it was not necessary, and the old regulations were continued, and under the circumstances we thought we had got as far as we could with them.

Q. So that you then did not bother to communicate with them?—A. No.

The CHAIRMAN: Any further questions, gentlemen?

*By Mr. Kennedy (Glengarry):*

Q. Have you ever considered this question; the differential between flour and wheat is so much: would it not be good business on the part of the steamship companies to narrow that differential with a view of encouraging the milling of wheat in Canada, and resulting in an increase of cattle, packing-house products, cheese and butter offering for shipment across the Atlantic?

The CHAIRMAN: Have you all heard that question?

Mr. SHAW: No.

Sir EUGENE FISET: No, sir.

The CHAIRMAN: Just read that question over again. It is a very interesting one and some of the members did not hear it.

Mr. SYMINGTON, K.C.: That is a very good question.

(The question having been read.)

WITNESS: Economically we could have a differential. You would have to have some basis on which you are going to work and it would mean in the end raising freight on some articles to compensate for losses on others. It is an impracticable condition.

Q. In fixing your rates you do not take that question into consideration at all?—A. No.

Q. You just take into consideration the economic question?—A. We just take into consideration the economic question.

*By Sir Henry Drayton:*

Q. You see you have already said, Colonel, that in order to meet market conditions, when wheat had dropped to 2s. you lowered the price of flour. That means you must recognize some parity between wheat and flour?—A. We cannot help at times considering that. There is a parity with the manufactured products. If grain did not go up, we would seriously have to consider advancing other rates. We would have to find some means to make ends meet.

[Col. William I. Gear.]

Q. When wheat was 2 s what did you put grain at?—A. Wheat is 2s now.

Q. What is flour?—A. 18 cents.

*By the Chairman:*

Q. You say 2 s a quarter. What is that?—A. 10 cents a hundred pounds at the rate of exchange of \$4.89.

*By Mr. Symington, K.C.:*

Q. You would have to fix it over an average of one or two months?—A. No, because the grain rates are changing continuously from day to day, just as the price of grain is changing in Winnipeg or Chicago.

Q. In creating a differential, you could take every two weeks and you could fix your flour rates for the next two weeks at a differential over and above the average on the two weeks?—A. Not economically sound.

Q. Why would it not be economically sound?—A. Because the rate would be holding on grain and we have always to take a fluctuating market.

Q. You would remove that fluctuation by taking a two weeks' average?—A. The tramps would come and take the freight.

Q. That would be a good thing?—A. It would in some respects.

*By Mr. Kennedy:*

Q. Regarding the question of the tramps, taking that into consideration, that is where wheat dropped, would it be to the advantage or the disadvantage of the boats to have less wheat exported, more cattle, more butter and more cheese, that is if less wheat went over, more wheat milled here and more flour shipped and naturally more butter and cheese, would the drop that would come from the wheat sold in Canada be an advantage or a disadvantage?—A. Really to get more cheese and butter would be to the advantage of the boat.

Q. It would be so much competition in the tramps taking wheat away from you because it would be cutting into your export lines?—A. That would not follow.

Q. Why not, if the wheat was milled here and shipped in flour?—A. If the Liners carried less wheat the tramp would come in and take it because the wheat has to go forward. We cannot carry all the wheat. The farmers are growing and I think they are looking forward to having 400,000,000 bushels growth this year and it has to go forward and be milled on the other side.

*By Mr. Symington, K.C.:*

Q. From the shipowners standpoint you would sooner not see the cheese and butter produce but you would like to carry the wheat?—A. We would want to see everything grow.

*By Mr. Kennedy:*

Q. You told us the other day that since 1921 there was a drop in the rate, I think, on packing house products and on meats.—A. That must have been Mr. Marlow. He was giving the rates.

The CHAIRMAN: Make that the basis of your question.

Mr. KENNEDY: I think it was in Mr. Gear's evidence.

The CHAIRMAN: There was a drop on meats.

*By Mr. Kennedy:*

Q. Why was that reduction made from 75 to 50 cents. What happened to secure that reduction in packing house products.

[Col. William I. Gear.]

The CHAIRMAN: In provisions, refrigerator, ordinary stowage. In 1921 it was 75 cents; in 1922, 60 cents; in 1923, 40 cents and in 1924, 50 cents. There was a constant drop in 1921 and in 1922 and in 1923; then it went up again a little in 1924. That is ordinary stowage.

The WITNESS: The adjustment that took place after the war is shown in the rates that were quoted in 1920 and the following rates. The reduction shows that it was the desire of the steamship companies to assist home products.

*By Mr. Kennedy:*

Q. Do you recollect what particular steps were taken in order to secure from you that reduction in meat provisions?—A. No, sir.

Q. The reason I am asking that is because I notice there was a smaller reduction in the carriage of cheese, the same rate in 1921 and you had reduced beyond 70 cents.—A. I would suggest you ask Mr. Marlow who is acquainted with all the rate quotations.

*By the Chairman:*

Q. You understand Mr. Kennedy's question. Here we have had figures placed before us showing that ordinary stowage provisions came substantially down from a dollar in 1920 to 40 cents in 1923 and that cheese, which was at a dollar in 1920, has only come down as far as 60 cents since the year 1923, and we wonder why meats were treated with greater generosity than cheese.

Discussion followed as to admissibility of evidence.

The WITNESS: My opinion is that the meat rates are too low. That is my opinion.

Mr. SYMINGTON, K.C.: I think that is the best answer you could make, colonel.

Sir HENRY DRAYTON: I suppose he would say Marlow was too weak.

*By the Chairman:*

Q. Were you able, colonel, to get that information as to the comparative cost of building boats in different years?—A. I am still trying to get it, sir.

*By Mr. Montgomery, K.C.:*

Q. As regard grain and flour, and the question of a differential, Col. Gear; I suppose every one must recognize the advantage to Canada of having our wheat milled here, as much as possible, and retaining the offal?—A. Certainly.

Q. At a certain stage, as has been described, the United States authorities put an arbitrary, a fixed differential as between wheat and flour?—A. Yes.

Q. Or flour and wheat? That I think was five cents?—A. President Wilson made it five cents.

Mr. SYMINGTON, K.C.: The United States Shipping Board took the responsibility of doing it.

*By Mr. Montgomery, K.C.:*

Q. You have heard the evidence. My friend said it was a direction which has since been honoured more in the breach than in the observance?—A. Yes.

Mr. SYMINGTON, K.C.: No, I did not say that.

Mr. MONTGOMERY, K.C.: I think you said it. However, never mind.

The CHAIRMAN: I think the Chairman suggested that.

[Col. William I. Gear.]



*By Mr. Montgomery, K.C.:*

Q. As a matter of fact, whatever consideration should be given and by whatever authority, to the economic situation, which should encourage the milling of grain in Canada, I suppose the shipowner has to get something in the nature of a fair carriage for the flour.—A. Yes.

Q. We have it from the evidence and the documents filed, that the rate on grain is one that varies very considerably?—A. Yes.

Q. And at times goes down to almost nothing. Would it be possible or fair to the shipowner to ask him in the same way to carry flour down to any such point?—A. It would not.

Q. Without the carrying charges in any way coming down, but simply because it had to depend on the factor of some distress cargo?—A. It would not be fair. It would be most unfair.

Q. And is the rule enforced to-day by the United States Shipping Board?—A. It is not.

*By Mr. Symington, K.C.:*

Q. Colonel, would you look at your evidence of yesterday and say whether the variation is really as great as you suggested to the Committee. This is what you put in.

The CHAIRMAN: Counsel hands witness Exhibit Number—?

Mr. SYMINGTON, K.C.: No, Mr. Chairman, it is not an Exhibit. It is a substitution of a page of his evidence. I will hand you the typewritten copy of your evidence yesterday at page "DD-6".

The WITNESS: These are the rates that were given me by my staff.

Mr. SYMINGTON, K.C.: And these are the variations that you referred to which make it impossible, you say.

Mr. MONTGOMERY, K.C.: We have had very much lower rates than those. We have had them down to one and something.

The WITNESS: Which make it impossible to do what?

*By Mr. Symington, K.C.:*

Q. To fix a differential, because of the wide variations.—A. Economically it is not sound to have any differential.

Q. These are the variations you refer to?—A. Yes, those are the variations.

*By Mr. Montgomery, K.C.:*

Q. As regards the cleansing of vessels, Colonel, I show you what purports to be more stringent regulations in that respect, recently brought into force.—A. What is your question, sir?

Q. I ask whether the regulations described in the memorandum I have just shown you, call for work of the class to which my learned friend refers, to be done so quickly and so easily, and I think you might incorporate them in the record. I do not know whether the Committee care to have them read in or whether they can be merely handed in.

Mr. SYMINGTON, K.C.: What is this, the British law?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: It requires a great deal of work.

Mr. MONTGOMERY, K.C.: The vessel has to be scraped, whitewashed and disinfected.

Sir HENRY DRAYTON: What has to be done, let us get it exactly.

Mr. MONTGOMERY, K.C.: Give us the substance of it.

The WITNESS: (Reading):—

“(Lloyds, April 11, 1924).

Sea Carriage of Animals.

Cleansing of Vessels.

The Ministry of Agriculture and Fisheries has been giving consideration to the question of the cleansing and disinfection of vessels and railway vehicles used for the carriage of animals. For some time it has been realized that the use of limewash leaves much to be desired as a process of disinfection, and the Ministry has decided to abandon this requirement generally in connection with the carriage of animals and to substitute a process of disinfection requiring the compulsory use of an efficient disinfectant. The process decided upon consists of: (1) The preliminary disinfection of the vessel or vehicle as it stands after the animals have been removed and before any manure, litter, etc., has been removed therefrom. (2) A thorough scraping and sweeping of all parts of the vessel or vehicle and the removal of the scrapings and sweepings and, then, (3) A thorough washing or scrubbing with water, and finally, (4) A second thorough application of the disinfectant to all parts of the vessel or vehicle concerned. A similar process will be applied in the case of pens, loading docks, fittings and utensils generally used in connection with the transit of animals.”

The CHAIRMAN: Any other questions to ask the Colonel? I am sure we are very much obliged to you, sir, for all the time and attention you have given to the work of the Committee.

What is the next item on the programme, Mr. Symington and Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I understand Mr. Doherty is here. Probably it is only fair to him to let him give his evidence and get away.

The CHAIRMAN: Yes, that is right.

JOHN P. DOHERTY, sworn.

*By the Chairman:*

Q. What did you say your name is?—A. John P. Doherty.

Q. And your age?—A. 36.

Q. And your occupation?—A. Traffic manager.

Q. Of what line?—A. The Canadian Government Merchant Marine.

*By Mr. Montgomery, K.C.:*

Q. I understand that you testified in conjunction with Sir Henry Thornton before the Special Committee on National Railways and Shipping, in June of last year, Mr. Doherty?—A. I assisted Sir Henry Thornton at that time, sir.

Mr. MONTGOMERY, K.C.: The reference I had on page XVIII referred to the lack of westbound traffic as one of the contributing causes for the poor results of the steamship service.

*By Mr. Montgomery, K.C.:*

Q. Is that as true to-day as it was then, Mr. Doherty?—A. Quite. As far as our steamers are concerned.

Q. To avoid going over all your evidence, Mr. Doherty, as copies are available to the Committee, I will ask you this question: are the statements made by Sir Henry Thornton and yourself as true to-day in principle as they were when you gave your evidence?—A. That is a rather wide question, Mr. Montgomery.

[Col. William I. Gear.]

Q. I do not think it requires very much variation.

Mr. SYMINGTON, K.C.: I don't think he gave evidence.

Sir HENRY DRAYTON: Yes, he did.

Mr. SYMINGTON, K.C.: Mr. Doherty did?

Sir HENRY DRAYTON: Yes.

*By Sir Henry Drayton:*

Q. I find that when Sir Henry did not know, you supplied the information?  
--A. I handled the details, if Sir Henry did not happen to have them in mind.

*By Mr. Montgomery, K.C.:*

Q. So far as the evidence was concerned, whatever evidence was given then was evidence with which you were in agreement?—A. You mean my own evidence?

Q. The evidence of Sir Henry Thornton and yourself?—A. I was only trying to save time.

Q. I understand that. I also appreciate that there was quite a lot of evidence, and it is hard to say in a general way that conditions are the same to-day as outlined in the evidence given then.—A. Perhaps I did not get the question just exactly.

Q. I asked whether you agreed with the evidence given as of that time?—A. Yes, naturally, at that time.

Q. Whether it was put into the mouth of Sir Henry Thornton by somebody, or whether it was given by yourself?—A. There was nothing put into my mouth. Sir Henry Thornton's evidence was naturally his own, and anything I said was simply to answer a question as to some detail with which Sir Henry Thornton was not familiar.

*By Sir Henry Drayton:*

Q. Perhaps Mr. Montgomery will allow me to ask a few questions. There are some things I would like to have found out. I wanted to find out some things in connection with the fitting of the boats, and also these expenses. Now, Mr. Doherty, I want you to look at page 4 of this copy of the minutes of the proceedings and evidence before the Select Standing Committee on National Railways and Shipping, session of 1924, where Mr. Jelliff was questioning Sir Henry Thornton, and was examining him as to the cost of fitting up a vessel for carrying cargo. Mr. Jelliff asked these questions:

“Q. I understand that is quite an item of expense?”

Sir Henry's answer was:

“A. This, perhaps, will interest you. I think I have got that. I can give you the total cost of handling cattle. I think you will find this interesting. The following statement indicates what it costs to carry cattle. Erection of fittings; that is, you have to put in special fittings for handling cattle; you have to have a Turkish bath and manicures and things of that kind according to the various boards of agriculture, so you have to have special fittings. That amounts to \$7,000 per ship.”

I suppose that is a little picturesque there, about turkish baths and manicuring. You do not have turkish baths and manicuring on a cattle ship?—A. I would hardly think so, but the cattle are well taken care of. That amounts to \$7,000 a ship.

Q. I would like to know how that is got at; I have gone through this evidence, and I do not think it is satisfactorily shown?—A. I think I can answer that in a very few words. When we fitted those steamers three years ago, I think the actual cost of fitting the four steamers to carry 233 cattle caused an expenditure of \$7,000 per steamer.

[Mr. John P. Doherty.]



Q. That corroborates these figures, but what was done may be was not actually extravagant, but what about it?—A. The steamers, I might explain, are the well-decked type of steamer, and it was necessary for us to put in very substantial fittings in the forward and after wells of those steamers, in order to permit of the carriage of cattle in accordance with the Regulations.

Q. Then I take it that these are permanent fixtures?—A. I would not call them permanent, but they are as nearly permanent as we can make them of wooden construction.

Q. I think Sir Henry Thornton put a life on them of ten years?—A. That is what we figure on.

*By Mr. Black:*

Q. Are they there now?—A. They are there now.

*By Mr. Symington, K.C.:*

Q. I suppose, Mr. Doherty, it cost a good deal more money than if it had been put in the ship originally, when the ship was being constructed?—A. If the ship was intended at the time of construction for a cattle carrier, then I imagine the fittings would have been put in of a permanent nature, that is to say, we would have had a steel shelter deck, which would be part of the ship's own structure; I mean instead of having wooden sides to our fittings, as we have now, the sides of the ships would have been extended to take care of the extra deck for the carriage of these cattle, and covered in also with a steel deck. That is the ordinary procedure, although the top deck might be permanent, we put in wooden sides, with a wooden covering over the cattle stalls.

*By Mr. Duff:*

Q. Just on the top deck?—A. Just on the top deck. We do not carry them below in the well decks, that is, the main deck, then we carry a certain number in the bridge deck space.

Q. It cost \$7,000?—A. That is the actual cost.

*By Sir Henry Drayton:*

Q. I want to see how much of this is right. Mr. Stewart of Humboldt asked these questions:—

“Q. Is that a permanent fitting?—A. No, it is permanent as long as it lasts, but it is not an integral part of the ship.

“Q. You will likely use it for more than one voyage?—A. Yes. It costs \$7,000, and if you capitalize that at  $5\frac{1}{2}$  per cent interest, that amounts to \$385, and we had six voyages with this particular ship, which brings it down to \$64 per voyage for that item. We assume the fittings would last ten years unless removed or destroyed, and it works down to \$117 per voyage.”

Stopping there a moment, it means that your amortization is for ten years plus a basis of  $5\frac{1}{2}$  per cent?—A. That is what I understand.

Q. To continue Sir Henry's answer:—

“Then there are certain small repairs which have to be made from time to time to the fittings, and that runs about \$50.”

A. The statement I have before me, that was prepared for Sir Henry Thornton at that time, shows that the repairs to fittings for the general voyage will run to \$200 at least, and we have set a figure of \$200, which is really conservative.

Q. How do you get at that, because that is a big increase?—A. I think some error must have been made in quoting the figures, because this is a copy of the original statement prepared at that time, that I have before me now.

[Mr. John P. Doherty.]

Q. That part of it is incorrect, you think?—A. I think so.

Q. To continue Sir Henry's answer:

"Part of the fittings might be carried away by heavy seas, and have to be renewed. Then we are obliged to provide cattle attendants, victualling, and so forth; we have one veterinary, and a foreman and nine men."

That one veterinary I admit has to be there for the cattle?—A. Yes.

Q. But what about a foreman and nine men; what regulation is it that makes you carry for cattle a foreman and nine men specially, over and above your crew?—A. Those are Government Regulations.

Q. Do you mean to say that any Government regulation requires you to have those men?—A. Yes.

Q. Eleven men?—A. Yes—ten men.

Q. But a veterinary is a man?—A. He comes on under the new British Regulations, as I understand it.

Q. But what about a foreman and nine men?—A. That is according to British Regulations, also Canadian Regulations.

Q. To continue with Sir Henry's answer:

"That works down to \$330 per voyage."

What does that cover?—A. That covers the victualling of the men for the passage to England or the voyage, their keep during the time the steamer is in England, and their return to Canada.

Q. What per diem basis do you allow?—A. The figure of \$330 is arrived at by allowing a rate of 75 cents per day.

Q. Continuing with Sir Henry's answer:—

"Then there are certain losses to equipment, dishes and so forth, which are used for the attendants. That is a small item; only \$25 per voyage. On the average it costs \$325 to load the cattle per voyage—"

Can you tell me how you get at that figure?—A. We tried to strike an average as between the expense of loading at Montreal and the expense of loading at Quebec. At Montreal the statement originally prepared for Sir Henry Thornton showed the expense as \$50. I have recently had an opportunity to recheck the figures, and I find there is a slight discrepancy, and that the actual cost would be nearer \$125.

Q. That is, for loading cattle?—A. For loading cattle at Montreal. When I say cattle, I also include the feed.

Q. That would be for how many head?—A. Two hundred and thirty-three head.

Q. How much feed does that cover also?—A. I would say approximately 50 tons.

Q. One hundred and twenty-five dollars?—A. Yes.

Q. Now take Quebec?—A. At Quebec we made an allowance or have made an estimate of \$300. The additional cost at Quebec is accounted for by the fact that the steamer requires to dock at Quebec, where otherwise she would not ordinarily; it means an expense for tug-boats, side wharfage, and the delay incident to that deviation.

Q. You are really charging there the expense of loading the cattle, and you are charging the cost of the deviation of the boat?—A. Yes.

Q. Into Quebec?—A. Quite right.

Q. Suppose we drop that and find what the actual cattle costs are. Drop the deviation, and what is the cost of doing the same service at Quebec instead of at Montreal?—A. The cost of loading cattle and feed would work out at about the same figure as at Montreal.

[Mr. John P. Doherty.]

Q. So that we have these changes to make to that. Outside of that exception and the question of the repairs of \$50, is Sir Henry Thornton's answer correct?—A. Quite.

Q. He was then asked a question by the Honourable the Minister of Railways as to whether it includes the unloading, to which Sir Henry replied:—

“No, that is only the loading. There is an extra expense incurred in discharging cattle at Cardiff, that is, pilotage, dock dues, towage, boating, cleaning ship and things of that sort, which works down to \$427 per voyage.”

—A. Yes.

Q. What are your supporting figures for that?—A. I have them here. The figure I quote is taken from actual payments made at Cardiff, and we have taken light dues, pilotage dues, dock dues, which are extra dues we require to pay because of the fact that we are carrying cattle on deck, constituting a deck cargo, and making these higher expenses. We have also taken into consideration the extra expense for towage, dock pilotage, and boating.

*By the Chairman:*

Q. What is boating?—A. Running lines, or something of that kind, because of the fact that a steamer requires to go to a special dock for discharging the cattle. If she did not have cattle, she would proceed at once to her regular cargo discharging berth, but having cattle she has to go to another dock, which means extra expense naturally.

*By Sir Henry Drayton:*

Q. How do you make these totals up; what are the different items?—A. I am telling you what the items are, and they are included in the 125 pounds which I have, and which at the rate of exchange at that time shows \$587.50.

Q. Do you mean to say that it costs, to unload 233 head of cattle at Cardiff, £125?—A. I can only give you, Sir Henry, the figures that have been given to me by our auditor.

Q. Did you get all these figures from the auditor?—A. Absolutely.

Q. Who is the auditor?—A. Mr. Davidson.

Q. I have something else that Sir Henry gave.—A. I have a record that that item of £125 includes cleaning the ship, and disinfecting and discharging the cattle.

*By Hon. Mr. McMurray:*

Q. How much does it cost to clean a ship, Mr. Doherty?—A. I have not got the items here. It is all in the item of £125.

*By Mr. Symington, K.C.:*

Q. Not \$2 a head?—A. It is a little better; perhaps about \$2.50. That is the actual charge. We have some things we deduct.

Q. As I understand it, a large part of this was because of the light charge, pilotage and dock dues, because you are carrying a light cargo?—A. Quite right.

*By Sir Henry Drayton:*

Q. What is a large part?—A. I have not got the figures.

Q. You do not know what the figures are?—A. No, but I do not think there would be much difficulty in getting the figures.

Q. Perhaps it would be as well to get them. Now, Mr. Stewart asks as to the loading charges at Montreal, and his question was:—

[Mr. John P. Doherty.]



"Q. With regard to that loading charge; at Montreal I understand there is a double loading; you have to load into the cars, unload the cars at the docks, and reload into the vessel?—A. That includes everything in the way of loading. At Cardiff and United Kingdom ports it takes about a day to disinfect and clean out a ship after arrival, therefore you have to wait after you discharge the cargo. That is an additional \$400."

What does that really mean, how do you get your \$400?—A. The \$400 represents the value of the ship's time, covering the period of that detention.

Q. How do you get at that?—A. Our operating expenses.

Q. That is your operating expenses, is it?—A. Yes.

Q. \$400; are they as much as that?—A. While the ships are in port, yes. It is a round figure; it might be \$389 or \$405.

Q. "Then we have to carry cattle feed, which comes to about 10,000 cubic feet." That 10,000 cubic feet of feed, how many cattle would that look after?—A. 233.

Q. "This means there is that much cargo space which is not occupied for cargo, and upon which there is no charge. If we did not use that cargo space for that purpose, we could use it for other cargo, so you have to charge up the loss against that, which is \$700 per voyage." Now, Sir Henry makes an extra cost there of \$700 per voyage. On what rate is that \$700 based?—A. It is based on the gross revenue derived from the handling of one load of heavy grain at three shillings per quarter.

Q. That is in comparison with grain at three shillings a quarter?—A. Yes, that is right.

Q. What would be the same comparison of handling that amount?—A. I will tell you that in one moment. It will be approximately \$800 to \$850.

Q. "If we did not carry cattle on these ships we could use that space for more remunerative traffic, traffic which would pay us more than the cattle; therefore, we are justified in charging against the cost of carrying the cattle, the loss of revenue—" That is his reason for charging that?—A. Yes.

Q. He says, "That comes to \$1,485 net loss per cargo." I am puzzled about that. How do you figure up that net loss?

The CHAIRMAN: What is that?

*By Sir Henry Drayton:*

Q. This is what Sir Henry Thornton said, "That comes to \$1,485 net loss per cargo."—A. Yes. He did not go on with all the details.

Mr. SYMINGTON, K.C.: That loss per cargo is the net loss of the cargo he said they would have carried if they had not carried cattle.

SIR HENRY DRAYTON: No, because there is an item of \$700 for cargo which would have been carried.

The WITNESS: This printed record is not correct. If you will allow me, I will give you the balance of the figures.

*By Sir Henry Drayton:*

Q. Very well, you give us your own stuff.—A. Now, we have taken into consideration the loss of general cargo space occupied in the bridge deck, when space in the bridge deck is used for cattle. We have 20,000 cubic feet of available space in the bridge deck that will handle general cargo when we are not carrying cattle.

The CHAIRMAN: Would you mind speaking a little louder; some of the members cannot hear you.

[Mr. John P. Doherty.]

The WITNESS: We have made allowance for loss of general cargo space in the bridge deck when used for the carriage of cattle, representing 20,000 cubic feet, which is 500 measurement tons of 40 cubic feet, and we took as a fair average rate for such cargo as we might carry in that space \$8 per ton, or a matter of \$4,000. Now, we have deducted from that figure the revenue that we get for carrying cattle in that space, 82 head of cattle at \$20, which is \$1,640. We have also deducted the cost of loading and discharging the cargo, that is general cargo, had it been carried, 500 tons at \$1.75 per ton.

Q. That is a credit to the cattle?—A. That is a credit to the cattle, \$875, or a total deduction of \$2,515 from the amount of \$4,000 that we figure would be earned if the space were used for the handling of general cargo, leaving an item of \$1,485 to the debit of the cattle. That brings the figure, the total figure of \$4,072 for the carriage of 233 head of cattle.

Q. Sir Henry Thornton took it in another way later on, in answer to a question by Mr. Jelliff. At page 8 he said as follows, in answer to the question:

“Q. That does not cause you any additional expense?—A. No. Now, to go on with these various items of expense. Simmered down it amounts to this: It makes the cost of carriage per head \$17.48, and the revenue per head at the present rate is \$20, leaving a profit to the company of \$2.52 per head.”

Now, can you give us the items that make up that \$17.48?—A. We have just rehearsed them, have we not?

Q. Not on that basis; I would just like to see how you get that result.—A. If it costs \$4,072 to handle 233 cattle, the cost per head is \$17.48.

Q. That is how you get it?—A. That is how we get it.

Sir HENRY DRAYTON: I think, Mr. Chairman, as this statement is more concise than Sir Henry Thornton's evidence, it might be well to put it in just as it is, and have it printed in the evidence.

The CHAIRMAN: That is a good idea. We will put that in the evidence.

### EXHIBIT NO. 65

#### CARRIAGE OF CATTLE BY C.G.M.M. STEAMERS

The following statement indicates what it costs us to carry cattle, the several items totalling \$4,072 per voyage; Ships' maximum capacity 233 head.

Erection of Fittings—\$7,000 per ship—

	Per Voyage
\$7,000 at 5½ per cent—\$385 per annum, 6 voyages per annum—per voyage.. . . .	\$ 64 00
Life of Fittings, 10 years—	
Depreciation at 10 per cent—\$700 per annum, 6 voyages per annum.. . .	117 00
Repairs, Etc., to Fittings.. . . .	200 00
Cattle Attendants, Victualling, Etc.—	
1 Vet.	
1 Foreman	
9 Men	
11 Men Victualling at 75 cents per day—40-day voyage.. . . .	330 00
Equipment Losses and Breakages.. . . .	25 00
Cost of Loading Cattle—	
Montreal.. . . . \$ 50	
Quebec.. . . . 3 00	
Say.. . . .	325 00
Extra Expense Incurred Discharging Cattle at Cardiff—	
\$125 per ship at \$4.70.. . . .	587 50
(Light, Pilotage, Dock Dues on Deck Cargo, Towage and Dock Pilotage, Boating, Cleaning Ships, etc., and discharging cattle).	
Less cost of discharging equivalent cargo, viz: 1 load grain	
214 tons at 75 cents per ton.. . . .	\$160 50 427 00

[Mr. John P. Doherty.]

Cost of Extra Day's Delay Discharging Cattle—		
As against grain—cargo discharge cannot commence until cattle fittings cleaned, disinfected, etc., about 1½ days' work.. . . .		400 00
Loss of Revenue—		
Loss of space occupied by cattle feed under deck say 10,000 cu. ft. representing 1 load of grain say at 3/= $\pounds$ 150.. . . .		699 00
Loss of general cargo space occupied in bridge deck when space used for cattle, 20,000 cu. ft.=500 tons at \$8.. . . .	4,000 00	
<i>Less</i> Revenue for space as derived from carriage of cattle		
—82 head at \$20= $\pounds$ 1,640 00		
Cost of loading and discharging cargo—500 tons at \$1.75= $\pounds$ 875.00.. . . .	2,515 00	1,485 00
		<hr/> \$4,072 00

## NOTES

Revenue per head at present rate.. . . .	\$20 00
Cost of carriage per head.. . . .	17 48
Net return to steamer.. . . .	<hr/> \$ 2 52

Figures are based on voyage where cattle are disembarked at vessel's regular discharge port.

Vessel requiring to make extra port of call for purpose of landing cattle means added operating cost of approximately \$1,000. This frequently occurs as for Birkenhead, Glasgow, Avonmouth.

Cattle are not always available for successive voyages and as fittings must be left standing (or demolished at considerable expense and loss with prospective necessity of refitting at heavy cost) space in the Bridge Deck which otherwise could accommodate general cargo is unavailable on such voyages—a further loss of revenue.

The CHAIRMAN: Now, Mr. Montgomery, you were anxious that this witness should be called, and I think it would be only fitting that you should have the right of way for a little while in examining him.

Mr. MONTGOMERY, K.C.: I do not care, Mr. Chairman; this is all information which I think is useful.

The CHAIRMAN: Absolutely, but I thought you might have prepared some scheme of examination.

Mr. MONTGOMERY, K.C.: I think perhaps Sir Henry can do it much more concisely than I could, and I can supplement his examination with anything I have.

*By Mr. Rinfret:*

Q. May I be permitted to add just one question? I see in the cost of carrying cattle you have a figure of \$1,485, which represents in your opinion the loss from cargo, that is, if you had carried another class of cargo. That presupposes, of course, that you would have had a full cargo of something else?—A. Quite correct.

Q. This is not at all according to the conditions that have been described to us during this inquiry?—A. What those conditions are I am sure I do not know. If you will tell me what you have in mind—

Q. It seems to me a very hypothetical loss?—A. I beg your pardon.

Q. If you had not carried that cattle, you presume that your ship would have been filled with another class of cargo?—A. Naturally.

Q. But that is not according to conditions that have been described to us.

Sir HENRY DRAYTON: Eighty-five per cent full.

*By Mr. Rinfret:*

Q. Would that be correct in your opinion?—A. When this statement was prepared, I felt perfectly satisfied in my own mind that we would be in a position to get sufficient cargo to fill these steamers, were they not carrying cattle, including the bridge deck space.

[Mr. John P. Doherty.]



Q. Would that mean that in a way the Canadian Government Merchant Marine is giving a kind of public service, by carrying a cargo which does not pay as much as another class of cargo that you could get, and which is left to the private companies?—A. We show from these figures that the cattle, after making these various deductions leave us net a matter of \$2.52 per head.

Q. That is the profit to you, calculated—

Mr. MONTGOMERY, K.C.: No, that is not profit.

The WITNESS: No, we have taken our expenses into account, our actual handling expenses.

*By Mr. Rinfret:*

Q. But that is getting away from my question. Would you figure you would have a better return if you carried some other class of cargo?—A. In that particular space, under the bridge deck, yes.

Q. Why should the Canadian Government Merchant Marine agree to carry a cargo which is not paying, while that Marine could carry another class of goods? What is the idea in doing that?—A. It is rather difficult perhaps for me to explain that particular point, unless I might say that the ships were fitted—I think I said a moment ago, three years ago—when there was considerable demand for space for the carriage of cattle, and the space has remained fitted. It cost considerable money for fitting, and even to-day with the agitation that we have for additional cattle space, I am afraid it would be rather a serious situation if we were to show the cattle exporter that we thought so little of his interests that we would deprive him of the opportunity of shipping 82 head of cattle in that particular space on the few steamers that we have carrying cattle.

Q. That means really, then, that the Canadian Government Merchant Marine is performing a public service, that it is not a business proposition. They are carrying cattle to accommodate a certain class of taxpayers or supporters, but they could make more money if they carried something else. You presume, in your calculations, that if you wanted to you could get the other class of cargo?—A. In the face of these figures, that is our contention.

*By Sir Henry Drayton:*

Q. Then as to the net, I will just clear that up. Sir Henry Thornton was asked:—

“Q. And does that include a fair proportion of the fuel and other expenses of the voyage?—A. No, it is the bare cost of handling the cattle. We have not charged anything for operating the ships against these cattle. Perhaps we should.”

That is just what Mr. Duff said.—A. That is quite right.

Mr. SYMINGTON, K.C.: No steaming costs in there at all.

Mr. DUFF: No operating costs.

The WITNESS: These are purely cattle handling costs.

Mr. DUFF: You get \$2.52 for carrying cattle across the Atlantic. It is certainly a nice business.

Sir HENRY DRAYTON: This is how Sir Henry Thornton deals with it, and perhaps you will agree with this, Mr. Duff. He says:—

“It really does not require a very wide flight of the imagination to see what happens, especially if you charged in interest on the cost of the vessel. While I do not want anything that I say to be misinterpreted as an effort in the direction of propaganda for increasing cattle receipts, at the same time, generally speaking, \$20 per head on cattle to the United Kingdom is not considered a high charge in the shipping world.”

[Mr. John P. Doherty.]

I suppose you have no idea of the real cost of running that ship across if you had a full cargo of cattle?

*By Sir Henry Drayton:*

Q. Supposing you had a cattle boat on that basis which you stated, what would be the result of a voyage?—A. These boats are not capable of carrying any additional cattle. That is the limit of their capacity; they are fitted as far as they can be fitted for the accommodation of live stock.

SIR HENRY DRAYTON: Now, Mr. Doherty, I would like you to look at page 40.

The CHAIRMAN: Before you get to that, Sir Henry, I would like to direct the attention of the Committee to part of the report which came from the Special Committee examining into Agricultural Conditions, in the session of 1923. We closed our fifth report with these words, at page 22 of the Sessional Papers of 1924:—

“Your Committee have learned that action along the above lines is being taken by the Government and that six boats of the Canadian Government Merchant Marine are now being equipped with suitable fittings for the carrying of cattle to Great Britain.

“We recommend that in order to determine whether such boats are commercially adapted for this trade, very careful account should be kept of their expenses and cost of operation, with a view of determining, as far as can be done, the cost of carrying cattle from eastern Canadian ports, including Quebec and Montreal, to Great Britain, so that it may be ascertained, with the greatest precision possible, whether or not the present ocean rates on cattle are reasonable and fair or can be reduced in the interests of the cattle raisers of this country, without unfairness to the ocean carriers.”

It seems to me it is proper to put this before the Committee in order to relieve anyone from responsibility for having engaged in this type of work, because the action of the Government in this regard was especially commended by the Committee which examined into this question.

SIR HENRY DRAYTON: The point which the Chairman has very properly brought up is referred to at page 27 of your evidence, when you were being examined by Mr. Kyte as to these boats. Have you got that page?

The WITNESS: I have.

*By Sir Henry Drayton:*

Q. What do you say as to the boats—as to speed and the like?—A. Well, the steamers are not what I would call vessels fully adapted to the carriage of cattle. I mean, the steamers were never intended as real cattle carriers—

Mr. DUFF: No, exactly.

The WITNESS: —and when the demand came for cattle space we did the best we could to fit them out for the carrying of cattle.

*By Sir Henry Drayton:*

Q. Yes, Mr. Doherty, but after fitting them up were you under any added disability with regard to the boats? I know you say the boats compared favourably in carrying capacity, speed, and all that sort of thing?—A. I do not know that statement was made dealing absolutely with the question of cattle.

Q. No, but freight generally?—A. Yes.

Mr. SYMINGTON, K.C.: Was that Mr. Doherty or Sir Henry (Thornton) speaking there?

[Mr. John P. Doherty.]

Sir HENRY DRAYTON: Mr. Doherty.

The WITNESS: Just what are you trying to develop, Sir Henry (Drayton)?

*By Sir Henry Drayton:*

Q. I am trying to find out what the Chairman has stated the Committee recommended—what you could find out in connection with cost. Take the speed of the boats, in the first instance; how do they compare with the others?—A. Some of them compare and some do not.

Q. Which ones do they compare with?—A. Vessels which will make the trans-Atlantic voyage in 12 or 14 days.

Q. That is your trip, is it?—A. Practically.

Q. How do they compare in numbers—those that make that speed and those which take a longer time? I am speaking of the boats plying out of Montreal.—A. Steamers taking longer than 12 or 14 days?

Q. Yes?—A. I do not know that there are many, Sir Henry, which take a longer time than that?

Q. Yes?—A. I do not think so.

Q. How many go faster in the cattle trade?—A. I do not know that I would be in a position to tell you the number, but no doubt there are some.

Q. Which ones are those?—A. Do you want me to mention the names of the steamers?

Q. Yes?—A. I do not know that I am competent to do that.

*By Mr. Black (Halifax):*

Q. They are average tramp steamers?—A. Yes.

Q. Of the Canadian Government Merchant Marine?—A. It depends on what you call a "tramp."

Q. I call a tramp the ordinary cargo steamer.—A. Do you refer to the tramp as a steamer that is slow in speed or something of that kind?

Q. No, tramps vary somewhat.—A. My idea of a tramp is a steamer that is going hither and thither where she can pick up cargo to her best advantage, having little regard for any definite or specific route. Our steamers are not following that plan.

Q. But the class of the steamers is about the same? I am speaking of the class of the steamers.—A. If you call many of the cargo-carrying steamers operating in the St. Lawrence in the summer time "tramps," we will have to put our own in the same class.

*By Mr. Duff:*

Q. A tramp steamer is a bulk cargo steamer?—A. They carry bulk cargo, yes.

Q. That is what is usually known as a tramp steamer—those which carry bulk cargo?—A. They are in the bulk-cargo-carrying trade, yes.

*By the Chairman:*

Q. I think you have given us a very excellent definition of "tramp," but do our Canadian Merchant Marine boats generally correspond in quality, speed and construction with those boats which are usually operated as tramps, or the boats which we usually call "liners"?—A. Well, I do not know that I could make one answer that would reply to your question.

Q. You know what question is in my mind; give the information which it appears to you I am seeking.—A. I will do the best I can. As regular freight-carrying steamers, I think the vessels we are operating are perfectly satisfactory. They are superior to many steamers, perhaps, that are coming

[Mr. John P. Doherty.]



to Montreal for full cargoes of grain; on the other hand, in the past, there have been steamers coming to Montreal for full cargoes of grain which are superior to ours, because under the various conditions of trade, we have one class of steamers at one time, and another class of steamers at another time. As a matter of fact, I think within the last two years we have had passenger steamers coming to Montreal for full grain cargoes.

*By Mr. Black (Halifax):*

Q. Would you call them equal to the liner boats which are trading to Montreal, not carrying passengers?—A. To some of them, yes; there are some, perhaps—

Q. But not generally?—A. I think you might consider it as a fifty-fifty break, Mr. Black. There are some steamers which are perhaps superior to ours.

*By Hon. Mr. McMurray:*

Q. Does that apply to all your ships?—A. I am speaking of the ones we are operating.

Q. How about the ones you are not operating?—A. Which are they?

Q. You have some which are not in operation?

Sir HENRY DRAYTON: I should not think anything under 8,000 tons.

The WITNESS: I am talking of our 8,000-ton steamers, which are carrying cattle. We have been talking about cattle up to now.

*By Mr. Symington, K.C.:*

Q. Those are the boats in the North Atlantic freight?—A. Yes.

Q. How many have you got?—A. We have four carrying cattle.

*By Hon. Mr. McMurray:*

Q. Can they compete favourably by reason of construction and so on with what are ordinarily called "cattle boats"?—A. As cattle-carriers, no.

Mr. DUFF: They carry cattle on part of the deck.

Mr. SYMINGTON, K.C.: It is a little extra carriage.

*By Mr. McKay:*

Q. You say you have four steamers carrying cattle? Would they carry 200 each?—A. Yes.

Q. Will you give the names of them?—A. The *Canadian Commander*, *Canadian Leader*, *Canadian Mariner*,—

*By Sir Henry Drayton:*

Q. And the *Voyager*?—A. No.

Q. You have the *Voyager* down here?—A. No, not as a cattle-carrier.

Q. You are right; I beg your pardon.—A. I missed the *Victor*; that is the fourth one.

*By Mr. McKay:*

Q. Can you give the number of these, in time consumed by voyages—the time in which each of these vessels go to and from the Old Country?—A. East-bound voyages will be made in from 12 to 14 days.

Q. And the return voyages?—A. Depending largely on weather conditions and the amount of cargo they have to bring back.

Q. What is the average number of miles per hour?—A. Probably  $9\frac{1}{2}$  or 10.

[Mr. John P. Doherty.]

*By the Chairman:*

Q. Knots or miles?—A. Knots an hour.

*By Mr. Duff:*

Q. That is eastbound?—A. You were speaking of the round voyages, Mr. McKay?

*By Mr. McKay:*

Q. I am speaking of the eastbound and westbound separately, if you can give it to me?—A. It is hard to say. As far as the eastbound voyages are concerned, you can work out a fair average of, say,  $9\frac{1}{2}$  to 10 knots.

Q. And the westbound?—A. They might do as well; on the other hand, they might not do so well. It is hard to strike an average. We have had them make a voyage of 20 to 21 days; on the other hand they have made a voyage in 12 days, coming home.

Q. What is the average?—A. Say 15, offhand.

*By the Chairman:*

Q. Would they be coming back to Canada light and the weather have more effect on them?—A. Absolutely.

Mr. DUFF: It always takes longer for a western voyage than an eastern voyage.

Sir HENRY DRAYTON: It is a rougher trip.

*By Mr. Halbert:*

Q. Do I understand you to say that if you were not in the business of carrying cattle there would be plenty of other freight to keep you busy?—A. Generally speaking.

Q. How does that account for difference in tonnage enough to keep them all going? Do they have to go light, if they have not a full cargo?—A. I cannot sit here to-day and tell you for the next twelve months I will have a full cargo for these steamers, but from our past experience we feel that we can fill these steamers going to Bristol Channel except under various conditions over which we have no control. Taking it generally, when this statement was prepared, we felt that would be possible.

Q. Some of your boats carrying cattle to-day were put in the other trade and naturally there is more competition from the other trade?—A. Before they were put in the other trade.

Q. The other trade would be more profitable?—A. You mean carrying general cargo?

Q. Yes.—A. At present we have not any competition into the Bristol Channel. We are handling Cardiff and Swansea on our own. We are alone in that trade.

*By Mr. McKay:*

Q. Outside of those four steamers carrying cattle have you any other vessel or vessels in the Merchant Marine operating from Canadian ports?—A. We have a service at Antwerp which may call at London, although it is really a continental service, although we do go into London.

Q. How many of them are operating?—A. Five at the present time.

Q. What do they carry?—A. Grain and general cargo.

*By Mr. Stork:*

Q. What proportion of the cattle trade is handled by your boats, Mr. Doherty?—A. I would not like to give you the actual percentage but the proportion only handling cattle is very small in comparison to the whole.

[Mr. John P. Doherty.]

Q. Twenty-five per cent?—A. Nothing like that. We are only capable of carrying 466 animals a month. There are certain steamers going out of Montreal that will carry 900 at a time.

Q. It has only been in recent times that Canada shipped over there at all?—A. Within the last few years, I mean in number again, years ago there was rather a heavy movement; years ago there was a heavy movement in cattle.

Q. There has been an embargo on cattle?—A. There was. It had rather a serious effect.

*By Mr. Duff:*

Q. What cargo would you have carried if you were not carrying cattle last year in that space?—A. What cargo we would carry? What kind of cargo? General cargo?

Q. General cargo?—A. Yes.

*By Mr. Symington, K.C.:*

Q. On an open deck?—A. No, that is a bridged deck. It is a covered space.

The CHAIRMAN: We have sat for almost three hours. I do not know how the Committee feels but I do not think we can possibly finish with Mr. Doherty to-night and that being the case I would suggest the possibility of adjourning now.

Mr. SYMINGTON, K.C.: Are we not going to sit in the morning?

The CHAIRMAN: There is a meeting in the morning of the Opposition caucus. We will meet at 3.30 to-morrow and sit until 6 o'clock.

The WITNESS retired.

Committee adjourned until 3.30 o'clock, May 7, 1925.



## MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

THURSDAY, May 7, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum and we will proceed. Will Mr. Doherty please come forward?

JOHN PATRICK DOHERTY recalled.

Sir HENRY DRAYTON: Mr. Chairman, I think Mr. Doherty has the details of the discharging business which we wanted yesterday.

The CHAIRMAN: Mr. Doherty, if you have any further details to place before us in connection with the cost of discharging cattle, will you give them to us now?

Mr. DUFF: Before Mr. Doherty proceeds, I was wondering what the solicitors expect to bring out in his evidence. If it is the fact that the Canadian Government Merchant Marine has lost money in carrying cattle, we already know that. I wonder if Counsel will explain what they expect to bring out by this evidence.

The CHAIRMAN: The presence of Mr. Doherty was desired not only by one at least of the Counsel, but by several members of the Committee.

Sir HENRY DRAYTON: I know I wanted Mr. Doherty here. I wanted to hear what he had to say about the costs given last year, and I want to find out if any economies have been brought about since in connection with those costs.

Mr. DUFF: The costs of carrying cattle?

Sir HENRY DRAYTON: Yes.

Mr. DUFF: I thought perhaps Mr. Montgomery was trying to prove that there was no money in carrying cattle in the operations of the Canadian Government Merchant Marine, and I am willing to admit that.

Mr. MONTGOMERY, K.C.: Unhappily, we are all in the same position.

Mr. DUFF: I would not say that. I am speaking only for the Canadian Government Merchant Marine.

The CHAIRMAN: Sir Henry, supposing you question the witness, so that we may get started.

Sir HENRY DRAYTON: Very good.

*By Sir Henry Drayton:*

Q. Mr. Doherty, you have the details asked for as to the cost of unloading?  
—A. Yes, sir.

Q. Would you produce it, please?—A. Yes, sir.

Q. Just read it?—A. I was questioned yesterday as to the amount of £125 sterling covering our costs in regard to the discharging of cattle at Cardiff. I have been able to get in touch with our Montreal office, and they have been able to give me details, which I will be glad to read:—

### EXHIBIT No. 66

DETAILS of item of £125 disbursed in connection with the discharge of cattle at Cardiff.

Light dues on deck cargo.. . . . .	£2 8/5
Dock dues on deck cargo.. . . . .	9 2/6
Pilot dues on deck cargo.. . . . .	9/9
Extra towage .. . . . .	31 4/
Dock pilotage.. . . . .	4 0/
Boating.. . . . .	3 12/6
Discharging cattle.. . . . .	8 15/
Cleaning and disinfecting.. . . . .	65 8/10
Total.. . . . .	£125 0/0

Those, gentlemen, are actual figures; moneys that we have actually spent on one particular steamer.

Q. Those were last year's costs which we had; have you been able to make any economies, Mr. Doherty, or are those figures up-to-date?—A. I think you can take the figures I have submitted as applying to date.

*By Mr. Symington, K.C.:*

Q. You mean covering this whole statement, or the £125?—A. This whole statement, with a few little odds and ends of which I spoke yesterday. I do not think they make any difference.

*By Sir Henry Drayton:*

Q. Then, Mr. Doherty, at page 40 of your evidence, you gave us the actual sailings?

The CHAIRMAN: Would you like to have this statement produced, Mr. Symington?

Mr. SYMINGTON, K.C.: I think so, Sir. It has been read and should be marked.

*By the Chairman:*

Q. I wonder, just before we move on, if I could inquire what "boating" means?

Mr. DUFF: Carrying lines from the steamers to shore.

The WITNESS: As I understand it, Mr. Chairman, it has to do with the taking of lines and such like in connection with docking and undocking of the steamers.

*By the Chairman:*

Q. The taking of the lines or hawsers from the ship to the wharf?—A. That is right, sir.

*By Sir Henry Drayton:*

Q. Have you the statement showing the result of voyages of steamers carrying cattle from Montreal for the season of 1923?—A. Yes, I have.

[Mr. J. P. Doherty.]

## EXHIBIT No. 67 A

STATEMENT.—Results of voyages of C.G.M.M. steamers carrying cattle from  
Montreal, season of 1923

## CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Commander* Voy. 14, Sailed July 27 for Cardiff

216 Cattle.. . . .	\$4,320 00	
<i>Principal Commodities—</i>		
Cheese—167 tons.. . . .	2,244 40	
Grain—285,788 bushels.. . . .	19,072 17	
Provisions—215 tons.. . . .	2,174 65	
Cereals—104 tons.. . . .	840 60	
Duration of voyage, 47 days.		
<i>Earnings—</i>		
Eastbound.. . . .	30,554 37	
Westbound.. . . .	3,314 94	
		\$33,869 31
<i>Expenses</i> .. . . .	38,450 63	
Deficit.. . . .		\$4,581 32

## CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Commander* Voy. 15 Sailed Sept. 24, 1923, for Cardiff

150 Cattle.. . . .	\$2,700 00	
<i>Principal Commodities—</i>		
Butter—40 tons.. . . .	1,264 69	
Cheese—243 tons.. . . .	3,265 50	
Phosphorus—22 tons.. . . .	491 84	
Zinc dross—52 tons.. . . .	334 40	
Provisions—101 tons.. . . .	1,098 49	
Grain—160,000 bushels.. . . .	10,080 00	
Lumber—106,603 s. ft.. . . .	1,048 07	
Duration of voyage, 44 days.		
<i>Earnings—</i>		
Eastbound.. . . .	20,336 98	
Westbound.. . . .	266 59	
		\$20,603 57
<i>Expenses</i> .. . . .	33,175 91	
Deficit.. . . .		\$12,572 34

## CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Commander* Voy. 16, Sailed Nov. 17, 1923, for Dundee

272 Cattle.. . . .	\$6,800 00	
<i>Principal Commodities—</i>		
Grain—248,648 bushels.. . . .	25,067 71	
Lumber—271,519 s. ft.. . . .	2,495 63	
Provisions—190 tons.. . . .	1,746 49	
Nickel oxide—106 tons.. . . .	1,420 02	
Duration of voyage, 51 days.		
<i>Earnings—</i>		
Eastbound.. . . .	38,132 74	
Westbound.. . . .	1,061 38	
		\$39,194 12
<i>Expenses</i> .. . . .	37,841 97	
Surplus.. . . .		\$1,352 15

[Mr. J. P. Doherty.]



## CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Leader* Voy. 8, Sailed June 15, 1923, for Cardiff

210 Cattle.. . . .	\$4,200 00	
<i>Principal Commodities—</i>		
Flour—226 tons.. . . .	957 60	
Grain—220,294 bushels.. . . .	15,542 93	
Lumber—86 tons.. . . .	485 45	
Nickel oxide—132 tons.. . . .	1,778 96	
Provisions—161 tons.. . . .	1,436 78	
Phosphorus—46 tons.. . . .	1,160 19	
Duration of voyage, 55 days.		
<i>Earnings—</i>		
Eastbound .. . . .	26,953 41	
Westbound.. . . .	8,826 62	
		\$35,780 03
<i>Expenses</i> .. . . .	40,260 27	
Deficit.. . . .		\$4,480 24

## CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Leader* Voy. 9 Sailed Aug. 16, 1923, for Cardiff

229 Cattle.. . . .	\$4,580 00	
<i>Principal Commodities—</i>		
Cheese, 236 tons.. . . .	3,851 90	
Grain, 270,369 bushels.. . . .	19,448 77	
Provisions—235 tons.. . . .	2,211 79	
Phosphorus—43 tons.. . . .	960 87	
Duration of voyage, 41 days.		
<i>Earnings—</i>		
Eastbound.. . . .	32,279 20	
Westbound.. . . .	5,934 09	
		\$38,213 29
<i>Expenses</i> .. . . .	33,814 90	
Surplus.. . . .		\$4,398 39

## CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Leader* Voy. 10, Sailed Oct. 5, 1923, for Glasgow

242 Cattle.. . . .	\$4,760 00	
<i>Principal Commodities—</i>		
Cheese—131 tons.. . . .	1,761 13	
Butter—29 tons.. . . .	912 06	
Grain—228,745 bushels.. . . .	17,200 63	
Zinc ashes—135 tons.. . . .	942 50	
Nickel oxide—264 tons.. . . .	3,551 71	
Provisions—61 tons.. . . .	548 33	
Duration of voyage, 43 days.		
<i>Earnings—</i>		
Eastbound.. . . .	30,544 25	
Westbound.. . . .	10,375 98	
		\$40,920 23
<i>Expenses</i> .. . . .	38,281 66	
Surplus.. . . .		\$2,638 57

## CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Mariner* Voy 13, Sailed July 13, 1923 for Cardiff

216 Cattle.. . . .	\$4,320 00	
<i>Principal Commodities—</i>		
Nickel oxide—132 tons.. . . .	1,781 11	
Flour—219 tons.. . . .	931 00	
Grain—265,803 bushels.. . . .	17,641 68	
Lumber—61,850 s. ft.. . . .	591 99	
Phosphorus—43 tons.. . . .	964 70	
Provisions—145 tons.. . . .	1,294 80	
Miscellaneous.. . . .	1,228 50	
Duration of voyage, 55 days.		
<i>Earnings—</i>		
Eastbound.. . . .	28,753 78	
Westbound.. . . .	8,469 03	
	<hr/>	
	\$37,222 81	
<i>Expenses</i> .. . . .	39,516 33	
	<hr/>	
Deficit.. . . .		\$2,293 52

## CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Mariner* Voy. 15, Sailed Nov. 9, 1923, for Dundee

271 Cattle.. . . .	\$6,775 00	
<i>Principal Commodities—</i>		
Grain—276,568 bushels.. . . .	24,216 22	
Lumber—216,324 s. ft.. . . .	1,920 11	
Nickel oxide—132 tons.. . . .	1,778 61	
Provisions—153 tons.. . . .	1,409 25	
Duration of voyage, 49 days.		
<i>Earnings—</i>		
Eastbound.. . . .	36,133 90	
Westbound.. . . .	5,379 08	
	<hr/>	
	\$41,512 98	
<i>Expenses</i> .. . . .	38,796 27	
	<hr/>	
Surplus.. . . .		\$2,716 71

## CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Victor* Voy. 12, Sailed July 5, 1923, for Cardiff

229 Cattle.. . . .	\$4,580 00	
<i>Principal Commodities—</i>		
Cheese—121 tons.. . . .	1,630 64	
Grain—234,215 bushels.. . . .	15,755 86	
Lumber—272,571 s. ft.. . . .	2,660 73	
Provisions—257 tons.. . . .	1,993 38	
Nickel oxide—265 tons.. . . .	3,565 57	
Phosphorus—43 tons.. . . .	966 45	
Duration of voyage, 49 days.		
<i>Earnings—</i>		
Eastbound.. . . .	31,566 49	
Westbound.. . . .	2,307 24	
	<hr/>	
	\$33,873 73	
<i>Expenses</i> .. . . .	37,917 52	
	<hr/>	
Deficit.. . . .		\$4,043 79

SIR HENRY DRAYTON: I would suggest, Mr. Chairman, that this be placed in the printed record. This shows the exact result of voyages of steamers carrying cattle for the season of 1923.

*By Sir Henry Drayton:*

Q. Mr. Doherty, are these selected, or are they actual movements? Are these fair, characteristic movements?—A. Fair, characteristic movements.

Q. Then you show in connection with your commodities, "Cheese." What rate are you charging on cheese?

The CHAIRMAN: Is that for to-day?

Mr. SYMINGTON, K.C.: 1923.

The WITNESS: These are all of 1923. As I remember, the rate was 60 cents per hundred pounds.

*By the Chairman:*

Q. That is ordinary stowage?—A. Yes.

*By Sir Henry Drayton:*

Q. Suppose you look at the particular voyage, as given at page 40 of your evidence. That is the *Commander*; she carried 167 tons of cheese, and the rate you say was 60 cents?—A. Yes.

Q. What is the rate to-day?—A. 70 cents.

Q. What are you charging to-day?—A. 70 cents.

Q. Is that the Combine rate or not?—A. The Combine rate?

Q. Yes—well, the Conference rate, if you do not like the other?—A. It is the rate I understand all the lines operating out of Montreal are charging.

Q. Then what do you charge for grain? You carried on that trip 285,000 bushels of grain.—A. I cannot tell you what the rate was for that particular grain.

Q. How did it compare with to-day's charges for grain? Can you tell us that?—A. I cannot tell you, Sir Henry, just what we got for that particular steamer's grain, because the rates are constantly fluctuating. If I had contemplated your question, I naturally could give you these rates.

Q. Then you carried 215 tons of provisions? Can you tell me what that rate was?—A. As I remember it, in 1923, it was 40 cents per hundred pounds.

*By Mr. McKay:*

Q. What does "provisions" cover?

*By Sir Henry Drayton:*

Q. What is your rate to-day on that?—A. 50 cents.

Q. 50 cents to-day, and 40 cents charged there (indicating). Then you have "cereals." What is the cereal rate?—A. I think the cereal rate at that time would be 30 cents.

Q. 30 cents a hundred pounds?—A. Yes.

Q. What is it to-day?—A. 35 cents, as I recall it.

Q. So we have the basis on which we can re-calculate that for ourselves, and we will not keep you here to recalculate it for us.

The CHAIRMAN: So the witness will not lead us, quite unwittingly, astray, if they were charging the Conference rates, which they probably were, in 1923, cereals in cases, would be 35 cents and in boxes or barrels, 30 cents, and that went up in 1924 to 45 cents and 40 cents respectively.

SIR HENRY DRAYTON: He says thirty.

[Mr. J. P. Doherty.]



The WITNESS: Perhaps I had better correct my evidence and say 45 cents at present.

*By Sir Henry Drayton:*

Q. What rate then?—A. 35 cents.

*By Mr. Montgomery, K.C.:*

Q. In bags?—A. It is 35 cents and 45 cents. To-day cereals shown here would be shipped in cases, so that these rates would apply, 35 cents then and 45 cents now.

Q. These are the commodities on the *Commander*. Was she pretty well loaded or half empty or what?—A. That is also a difficult question to answer without having the definite figures before me. I mean the figures that I brought with me are exactly those that are shown in the record to which you are making reference. I have not brought along particulars.

*By Sir Henry Drayton:*

Q. It is important to know whether these boats were loaded or not as we are considering their earning power.—A. That is very true.

Q. You can have that looked up at a later date?—A. Yes, I am satisfied that I can do that.

Q. You tell us that these are fair characteristic voyages so we do not want to give you too much work?—A. It is no work at all.

Q. The next trip, voyage fifteen of the *Commander* shows she carried forty tons of butter. What rate did you get on that?—A. I would say \$1.50 per 100 pounds.

Q. That is to-day's rate too?—A. Yes.

*By the Chairman:*

Q. Is that in ordinary stowage?—A. No, that is cold storage.

*By Sir Henry Drayton:*

Q. Then 243 tons of cheese. What rate would that move at?—A. That would be 60 cents, as I said before.

Q. What is that to-day?—A. 70 cents.

Q. Yes. We went up 10 cents on that. Then the grain, you do not know about. What was the lumber rate then?—A. The Chairman can correct me if I am not right.

The CHAIRMAN: Let me help the witness by telling him this. There are four different classes of lumber.—A. If the lumber was soft wood deals entirely the rate would be 70s. per standard.

*By Sir Henry Drayton:*

Q. How does that stand to-day?—A. It is the same.

Mr. MONTGOMERY, K.C.: I think they have made a recent reduction on that. We have had evidence on that from the witness yesterday.

*By Sir Henry Drayton:*

Q. Perhaps you have not caught up with that yet?—A. We do not lose much time in catching up. To-day's rate is 65 shillings.

Q. As against?—A. 65 as against 70.

Q. Then we have another new thing, phosphorus. How do you class that phosphorus? What did that move at?—A. In 1923, as I recall, the phosphorus rate was \$1.15 per 100 pounds.

Q. What is it to-day?—A. One dollar.

Q. Is that your rate or the Conference rate?—A. It is my rate that I am quoting.

Q. What is the Conference rate?—A. I understand the other Lines are quoting identical.

Q. Zinc dross, 52 tons, what did that move at?—A. In 1923, possible \$6.50 gross ton.

Q. How does that stand to-day?—A. I think the rate to-day is perhaps 50 cents or \$1 lower.

Q. I suppose you can get that definitely?—A. Oh, yes.

Q. You might make a note of that.

The CHAIRMAN: Sir Henry was suggesting to the witness he should take notes of the different things he is asked for.

*By Sir Henry Drayton:*

Q. What I wanted to get at—your evidence is that you have put in characteristic sailings with certain earnings. I wanted to get those rates and I wanted to see what those same characteristic sailings would mean at to-day's prices.—A. Yes.

Q. Your boats no longer sit in with the Conference, I understand?—A. I have not attended a Conference meeting since February.

Q. Did you quote the same rates or did you cut the rates?—A. I have been quoting the same rates in the meantime.

*By Sir Eugene Fiset:*

Q. Are the rates furnished to you at the present time?—A. I am able to keep myself advised as to what the rates are.

*Mr. Duff:*

Q. How do you keep yourself advised?—A. I inquire.

*By Sir Henry Drayton:*

Q. You inquire as to the rates and follow them?—A. Yes.

Q. Do I understand the last time you attended a Conference was in February?—A. Yes. The latter part of January or the early part of February.

Q. The latter part of January or the early part of February?—A. Yes.

Q. What rate do you charge for depreciation in your boats here?—A. That is a question I am not altogether in a position to answer.

Q. Just make a note of it.—A. Depreciation?

Q. Yes. How much are you getting for depreciation in cost?—A. Do you mean in those figures?

Q. No. You say nothing at all in these books. I understand these are the actual expenses taken from the actual entries?—A. The expenses are the actual voyage expenses.

Q. I would like to know just what that expense covers. Perhaps you would like to look into that too.—A. No. I think I can tell you that. They cover loading and discharging of the cargo, port charges, the actual operating of the steamer. I think that covers it. It is the actual operating of the steamer.

Q. Could you do this for us—for example, we have, in connection with the first voyage—I will take that as characteristic—we have a total expense of \$38,000. Could you explain how much is for port charges and how much for sea cost and the like? It would be easy for you to put in a supplementary statement?—A. As a matter of fact I have some figures here which go into

[Mr. J. P. Doherty.]

some detail in connection with these voyages but I am rather disinclined perhaps, to put them in the record, unless you are going to ask the other Liners to produce the same data.

Q. I do not want you to produce anything which you think would hurt you from a competitive standpoint. We have this item of \$38,000. I do not think it would hurt you to tell us how that is arrived at.—A. To tell you how it is arrived at I have to give you a full detail and I do not think that I should be called up to do so unless all lines are going to be on the same basis.

Mr. SYMINGTON, K.C.: I may say that Mr. Doherty brought those figures here and gave them to the auditor, who has them now. You can see them there.

Sir HENRY DRAYTON: I think the Merchant Marine should be treated the same as everybody else.

Hon. Mr. STEVENS: Ask the same questions we asked Mr. Marlow on these charges. I was just looking for them.

Mr. HALBERT: Would you give an explanation of the difference in the voyages. The first voyage was 47 days and the second voyage was 44 days. What is the explanation of that?

The WITNESS: The figures of earnings would indicate that that particular steamer did not have a full cargo.

Q. How do you account for three days longer by the same boat?—A. It might be weather conditions.

Sir HENRY DRAYTON: I think one of them was delayed by a strike.

The WITNESS: One or two of them.

Q. I think that has those indicated. I forget the numbers. I know one or two were. You could find out about that.

Mr. SYMINGTON, K.C.: One boat took 47 and 44 and 51. That was the same boat?

Sir HENRY DRAYTON: I know it was in one case a strike. It may be in two cases. It is not fair to the earnings of the boat to have that looked upon as a characteristic.

Mr. SYMINGTON, K.C.: The *Leader* took 50 days as opposed to 41.

*By Sir Henry Drayton:*

Q. You cannot tell how long your loading is going to take.—A. You cannot figure that way. You cannot figure how long. It depends very largely on conditions and the volume of cargo you have to take.

Q. And you might also tell us in that connection how you calculate your voyage period. How long a time do you allow in calculation of your voyage period for detention, loading and unloading at either end?—A. The steamers operating in the Bristol Channel trade are run on a fortnightly schedule. In other words they have eight weeks wherein to turn around and sail again.

Q. Do you look upon that as a fair time, eight weeks?—A. Yes.

Q. How much time is really taken up in loading, unloading, cleaning and the like? How much time for cargo?—A. We have four weeks steaming and we have from two to say two and a half weeks in the Bristol Channel; that is six and one half weeks, and the balance of the time is in the home port.

*By Mr. Montgomery, K.C.:*

Q. What is the trial speed of those boats, can you tell us?—A. If my recollection is correct it was ten and a half to eleven knots. That is only my recollection. I cannot say definitely that that is so.

[Mr. J. P. Doherty.]



*By Mr. Symington, K.C.:*

Q. That is her present speed?—A. I think I said yesterday, nine and a half to ten knots.

Q. Is that trial speed as against ocean loaded speed. The term you used was "her present"?—A. Yes. That is today.

Q. Is that the time as contrasted with the actual speed on the ocean loaded?—A. The average time we figure to be nine and a half to ten knots.

*By Hon. Mr. Stevens:*

Q. What is the trial speed?—A. As I say my recollection is ten and a half to eleven knots.

*By Mr. Symington, K.C.:*

Q. Is trial speed taken under the same conditions as I asked about the present speed?—A. A ship making a trial, as I understand it, travels over a measured distance. Steamers operating over the Atlantic Ocean are bound to meet all kinds of conditions that would be probably somewhat adverse in comparison to the conditions that would require to be met under trial. I am only telling you my own views of those things.

*By Mr. Duff:*

Q. There is about two knots difference between the trial and the ordinary sailing, is there not?

*By Mr. Black (Halifax):*

Q. You take about fourteen days going over?—A. Approximately, Mr. Black, yes.

Q. Taking 14 days, the distance being 2760 miles from Montreal to Liverpool what is the rate of speed? You would divide 2760 by fourteen; that would give you the rate of speed per day?—A. Yes.

Q. And you divide the total speed per day by 24?—A. Yes.

Q. That will give you something less than eight knots.—A. Sometimes, Mr. Black, we do it in as well as 12 days, you know.

Q. Very seldom, I guess.

Mr. DUFF: It would average about nine knots.

Mr. BLACK: I do not think they average that.

*By Mr. Black:*

I was going to ask, if I may, Mr. Chairman, about the Canadian Mariner, voyage 13. I see it earned homeward bound, that is Eastbound, \$28,700, and that on voyage No. 15 that vessel earned \$36,000. That I suppose can be accounted for by shortage of cargo.

The WITNESS: I cannot think of any other reason.

Q. There could not be that much difference in the rates; the rates have been the same all the season through, have they not?—A. It would be in the volume of cargo.

*By the Chairman:*

Q. Or the class of cargo?—A. The class of cargo is very much the same.

Mr. SYMINGTON, K.C.: The class of cargo is shown there, and it is very much the same.

The CHAIRMAN: But the cargo might not have been divided equally between the different classes.

[Mr. J. P. Doherty.]

It strikes me, gentlemen, that it is rather of importance that we should determine exactly what is the average of those boats which have been put forward as being typical boats running typical voyages. The logs of those boats would show that exactly.

Mr. SYMINGTON, K.C.: What is the difference between a mile and a knot, Mr. Doherty?

The CHAIRMAN: A knot is a mile and a ninth.

Mr. SYMINGTON, K.C.: It comes out then at 8.16 miles at 14 days.

Mr. MONTGOMERY, K.C.: And faster than that at 12 days, but not very much.

Mr. DUFF: It took 16 days coming back and 12 days going over, averaging perhaps 14.

The CHAIRMAN: So that on those voyages they would average a little over 8 knots?

Mr. SYMINGTON, K.C.: A little under, I think, Mr. Chairman.

*By Mr. Halbert:*

Q. You have the voyage 15 at 226.15?—A. Westbound cargoes are not ordinarily voluminous.

Mr. SYMINGTON, K.C.: It works out at 7.34 knots.

*By Sir Henry Drayton:*

Q. Mr. Doherty, have you been able to think of or work out anything which would make for economies or greater earnings, having regard to the traffic, the class of traffic available at Montreal?—A. Well, I think it is only natural to assume, Sir Henry, that we are doing everything we possibly can to get better results from the operations of these steamers.

Q. That is quite true. But have you been able to work out anything to better this condition; supposing you were to give us similar information as to voyages this year; could you do that?—A. Yes, that could be done.

Sir HENRY DRAYTON: That would be helpful, Mr. Chairman, to see if they could improve these conditions. Mr. Doherty says he is doing everything he can to improve them.

The CHAIRMAN: Better let us have 1924 too.

Mr. SYMINGTON, K.C.: We have nothing here earlier than July; there is one of July 15th.

Mr. MONTGOMERY, K.C.: There is no objection to 1925, up to the present time.

Sir HENRY DRAYTON: There is another thing you might help us with, Mr. Doherty. We know we are running the whole thing at a loss. Wouldn't it be well to charge up the loss to this traffic? That might show us what you would require to get per voyage in order to carry it, how much over the expense should be earned in order to let the country out, in connection with the boats actually engaged in this service.

Mr. BLACK: Plus the depreciation?

Sir HENRY DRAYTON: Yes.

*By Sir Henry Drayton:*

Q. Have you ever had to consider that before, Mr. Doherty?—A. Will you just state again what you would like to have?

Q. We have before us now large losses in the Mercantile Marine?—A. Yes.

Q. It is not fair to charge all those losses up, when we are just considering this traffic?—A. That is right.

[Mr. J. P. Doherty.]

Q. So that we can get an intelligent view of this situation, we ought to know just what surplus should be earned per voyage in order to carry the service without loss, having regard to the boats used in that service.

Mr. DUFF: I do not think it is quite fair to take the boats of the Canadian Government Merchant Marine as a criterion for us to come to any decision later on as to whether they are charging too high or too low rates. I think under the circumstances it would be to the advantage of the Canadian Government Merchant Marine with the boats they had—I think they have done remarkably well, but the fact remains that they have not been used entirely for cattle, grain, or package cargo, consequently, while Mr. Doherty can give a statement showing great losses, it is not fair to use that evidence in coming to a decision later on.

Sir HENRY DRAYTON: Last year before the Committee we were told that they were good boats, that they compared favourably with other boats. They were boats equipped with 'tween decks and could be used for package freights. These are boats which compare very favourably with the Petersen boats, which are hollow boats, without the 'tween decks.

*By Mr. Duff:*

Q. Have these boats 'tween decks, Mr. Doherty?—A. Certainly. These particular four we are now discussing have 'tween decks.

Sir HENRY DRAYTON: I mean just having regard to these boats, which everybody admits are just as good as the ordinary run.

*By Mr. Duff:*

Q. Were they built in Halifax?—A. I don't think any one of these, except the *Mariner*, which might have been built in Halifax.

Mr. BLACK: The two Halifax boats are larger and faster.

Mr. DUFF: There is no doubt about that.

Mr. RINFRET: How many are there of that class in the Merchant Marine?

Sir HENRY DRAYTON: Twenty-six from 8,000 up.

The WITNESS: And two of 10,000.

Hon. Mr. STEVENS: Would it not meet Sir Henry's request very well if Mr. Doherty could prepare for us a similar statement to the one prepared by the Conference Liners, that is taking his voyages running on the North Atlantic trade for 1922 and 1923, and give us the voyages of all those ships, the same as these, including the same charges?

Sir HENRY DRAYTON: That would be quite satisfactory. I do not want any more than that, and I do not want any information the other lines are not giving.

Mr. SYMINGTON, K.C.: We have, or the auditor has, all the voyage accounts for the year spoken of from the Canadian Government Merchant Marine, which I may say are much more complete and satisfactory than any we have, as far as information is concerned.

Sir HENRY DRAYTON: This is something I know the accountants of the company will have ready, at their hands.

The CHAIRMAN: There is just this, Mr. Stevens. I think we have already in the hands of the auditor information which is a good deal more complete than the paper Mr. Doherty is now holding in his hand.

Mr. MONTGOMERY, K.C.: While we are getting at that comparative basis, I was going to ask a question or two.

The WITNESS: Wouldn't the individual voyage figures be better than taking them all?

[Mr. J. P. Doherty.]



Mr. SYMINGTON, K.C.: I should say so.

Sir HENRY DRAYTON: Give us those figures, Mr. Doherty; I do not want you to put them in now.

Mr. SYMINGTON, K.C.: We are prepared to put our figures in to the Committee at any time the others are prepared to put theirs in. The North Atlantic trade for the two years, Mr. Doherty brought them up and gave them to the auditor.

*By Mr. Symington, K.C.:*

Q. How many boats are in the North Atlantic trade, Mr. Doherty?—A. We have nine operating just now.

The CHAIRMAN: For the purpose of keeping the record in good shape, did I understand you, Sir Henry, to ask that we should produce in our records these characteristic voyage accounts which appear on page 40 and the following pages.

Sir HENRY DRAYTON: Those are not voyage accounts, those are voyage results.

The CHAIRMAN: A statement showing the results?

Sir HENRY DRAYTON: I do not think he should be asked to do anything more than is absolutely necessary.

Sir HENRY DRAYTON: There is the short rate as to which Mr. Doherty can give us some information, that is, to show the average surplus per voyage a boat should earn in order to carry itself.

Mr. BLACK: Take the *Canadian Leader*, voyage 8 and voyage 9; there is a difference of about \$6,000 in the home work, the Eastbound earnings, on those two voyages. Voyage 8 was \$26,000 and voyage 9 \$32,200.

The WITNESS: That meant a shortage, or a different kind of cargo; I have not the figures in my mind.

Mr. BLACK: The cargo seems to be about the same.

The CHAIRMAN: Now, Mr. Duff, I think if we have finished you have a few questions to ask the witness, and I would like if you would just question him along the lines you have in mind.

Mr. MONTGOMERY, K.C.: May I ask one question, Mr. Duff, before we leave that page, while he has the page open?

Mr. DUFF: Yes.

*By Mr. Montgomery, K.C.:*

Q. Do these summaries, where you have here the word "result" and the item of expense, include anything other than what you have said is the direct expense of the voyage?—A. The direct expense of the voyage only.

Q. That is, they include nothing for management?—A. Nothing for management.

Q. Nothing for overhead?—A. Nothing for overhead.

Q. And nothing for annual overhaul?—A. No, nothing.

Q. Items such as corps superintendents and staff.—A. Not included.

Q. Office rental?—A. Not included.

Q. Soliciting staff?—A. Not included.

Q. I think you told us there is no allowance for depreciation included in those expenses?—A. There is not.

*By Mr. Duff:*

Q. Mr. Doherty, as to those line ships you are using in the North Atlantic trade, were they built specially for the business?—A. I would not judge so, Mr.

[Mr. J. P. Doherty.]

Duff. I do not know that they were built altogether for the North Atlantic trade.

Q. So that you are at a disadvantage with the other lines which have built boats, and which lines have been in the trade for a great many years and knowing the trade, have built their boats purposely for that trade, you are at a great disadvantage as compared with them?—A. I would not like to say that.

Q. Perhaps you do not want to say that, and that is all right, but perhaps I can get it in another way. You carry cattle for instance on those ships? Is it not a fact that the expense of fitting up for the cattle you carry is very much greater than the other people have to pay to fit their ships?—A. If I knew the other people's expense, Mr. Duff, I think I could answer your question very readily, but I do not know what their costs are.

Q. Is it not a fact that you have to carry cattle in a different place than in the other ships, and you cannot carry full loads, you can only carry a few on your upper decks, under the bridge, on the bridge deck?—A. We are carrying cattle, as I think I said yesterday, in the forward and aft well decks and also in the bridge deck space. I do not really know whether any of the other lines are so carrying cattle or not. Perhaps some of them are.

Q. Certain ships are specially constructed to carry cattle are they not, and they arrange their deck space and their under deck space purposely to carry cattle, regulating the space accordingly?—A. I think perhaps you are right.

Q. When your ships were built, no such arrangements were made?—A. Not particularly, I think not.

Q. The same thing applies to grain. Your ships are at a great disadvantage in carrying grain because your deck space is not properly laid out?—A. I do not quite understand the point.

Q. My information is that in order to carry grain the deck must be laid out in a certain way so that you can handle the grain more cheaply.—A. Which deck do you refer to?

Q. I mean the upper deck where the hatches are.—A. Do you mean that our hatches are too small or too large?

Q. They may be either one or the other, or not in the proper place.—A. That is something I have never heard of before.

Sir HENRY DRAYTON: I think that came from the House. The boats are all right, and they load all right. The specifications are the same as the boats we are now considering from Petersen's.

Mr. DUFF: What do you mean by the specifications?

Sir HENRY DRAYTON: The specifications for construction.

Mr. DUFF: The specifications may be the same, but there is a way in which they lay out the ships to make it more economical to handle certain cargoes. When these ships were built, they were not built to carry grain, or for any particular purpose. They were built in a hurry and there was not much time to consider how the ships were constructed as far as the laying of them out was concerned.

Sir HENRY DRAYTON: I think you will find they were built to the regular type and standard and that they were well and strongly built.

Mr. DUFF: Absolutely, I agree with you there.

Sir HENRY DRAYTON: And you will find that no liner ships in the North Atlantic were specially built for grain. These are practically exactly the same as the ships they compete with.

Mr. DUFF: No, I think not.

[Mr. J. P. Doherty.]

*By Mr. Johnston:*

Q. Do you know that the hatches are properly spaced to go under the spouts of the elevator?—A. Yes sir.

Q. The proper distance apart?—A. Yes.

Sir HENRY DRAYTON: There is no doubt about that.

Hon. Mr. STEVENS: I think on this subject we ought to have the architect here, he can tell us very definitely about the construction and the plans and so forth.

Mr. DUFF: I am not objecting to the construction as far as the seagoing qualities are concerned, the vessels are well built. I am not trying to make a point to blame anyone. All I say is that these vessels were built in a hurry and not for a specific trade, like other builders build their ships. Consequently what I want to show is that the fact that the ships lose money should not affect our decision when we come to arrive at one.

Hon. Mr. STEVENS: Mr. Doherty does not agree with that.

Mr. DUFF: I do not blame him for that. He is an employee of the Canadian Government Marine, and does not want to commit himself.

The CHAIRMAN: May I make this suggestion, that while we have Mr. Doherty here as a witness, we should use him as a witness, rather than having a general discussion either with him or with different members of the Committee.

Mr. MONTGOMERY, K.C.: We both seem to want him to answer the last question, so let him answer it.

*By Mr. Duff:*

Q. How many of these nine ships have lined 'tween decks?—A. All the nine.

Q. They were put in since they were built?—A. No sir.

Q. Are you sure about that?—A. Positive.

Sir HENRY DRAYTON: I know he is right.

Mr. DUFF: I don't think so.

The CHAIRMAN: At any rate that is his evidence.

*By Mr. Black:*

Q. Can grain be loaded in these boats we have before us as cheaply as in any other steamer carrying grain out of the port of Montreal?—A. Yes sir.

*By Mr. Duff:*

Q. May I put this question. Mr. Doherty, in the investigation before the Special Agricultural Committee, on page 73—Mr. Campbell, a broker of Montreal, was on the witness stand, and in discussing these ships he said:—

“Q. What is the matter, Mr. Campbell?—A. These are not good cattle carriers; the chief reason is that the decks on these steamers are three feet high—as high as this table—with a deck of that height, cattle are carried on both sides; cattle are placed on top of one another and there is no place that you can brace the deck to because the deck fittings come over the side fittings and when a wave strikes it they smash, the cattle fall into the hold of the ship, or are knocked into the winches. In one boat we had a big loss, as there was a big storm and the whole upper deck load of cattle was washed overboard.”

What do you say to that?—A. I think the best answer I can give to that is that Mr. Campbell continues to ship in our steamers.

Q. He likely insures the cattle.—A. That may be. That is his privilege.

[Mr. J. P. Doherty.]



Mr. SYMINGTON, K.C.: I do not think that is an answer. Is that the condition of the ship.

*By Mr. Duff:*

Q. It is not an answer. Is that the condition of the ship?—A. Will you read it again please and I will answer it as you go.

Q. "These are not good cattle carriers. The chief reason is that the decks on these steamers are three feet high."—A. I don't know what that means, that the decks are three feet high.

Sir HENRY DRAYTON: No one else could know.

The CHAIRMAN: That must be a mistake in the notes.

Sir HENRY DRAYTON: Oh no; it is the evidence. The evidence is wrong; that is all.

*By Mr. Duff:*

Q. "With a deck of that height cattle are carried on both sides, cattle are placed on top of one another and there is no place that you can brace the deck to because the deck fittings come over the side fittings and when a wave strikes it they smash and the cattle fall into the hold of the ship or are knocked into the winches. In one boat we had a big loss, as there was a big storm and the whole deck load of cattle was washed overboard."—A. I might perhaps explain that when we experienced the loss to which Mr. Campbell refers we had more or less temporary fittings, but since that time we have put in the newer and more substantial fittings of which we spoke yesterday and I think perhaps our position is a little bit better than it was then.

Q. At great expense you could fix these ships to make them better?—A. The expense, as I said yesterday, amounted to \$7,000.

Q. That is rather high. Is it not a fact that the Department of Marine and Fisheries made a ruling that you were not to carry cattle, two or three years ago.—A. With these temporary fittings we were only allowed to carry cattle during the summer months, as I remember, from May until September; but with our present fittings we have carried cattle throughout the 12 months of the year.

Q. What do you say to this; Mr. Campbell says:

"I do not think that they were built like modern cargo vessels, all hatch. In other words, these vessels, built during the war, were built, as we say with 'two sides with a lid on it' that is most expressive of a war vessel. They are all hatch, and it leaves you very little space on the side to put in cattle. If they carry 140 cattle, one half the number, or one-third less than the number they are carrying there, and carried under on the hatch, then they could carry them."

A. From Mr. Campbell's remarks I would hardly say that he is an expert in the steamship business.

Q. That may be quite possible, but I think that there is no question about it, Mr. Doherty, that these ships were not built specially for the carrying of cattle.—A. They were not, sir, I will admit that at once.

Q. And they were not built for the carrying of grain; they were really bulk cargo ships, but you converted them in order to get something for them to do. For instance when they were launched, there was no specific trade that they were intended for?—A. So far as I know, they were built to carry cargoes from Canada. I do not know that the idea was perhaps to carry to the United Kingdom, although if we have in mind the shortage of tonnage at that time, perhaps that was one of the reasons.

Q. Isn't it a fact that these ships were built during the war to help out the situation when vessels were being sunk, they were not built for the Cana-

[Mr. J. P. Doherty.]

dian trade, now, were they?—A. If they were not built for the Canadian trade, I don't know for what trade they were built.

Q. No, that is it exactly; that is right; nor does anyone else

Sir HENRY DRAYTON: The answer is that they were built for the Canadian trade.

Mr. DUFF: They were not, Sir Henry, built for the Canadian trade, and Mr. Doherty has just said they were not.

The WITNESS: I don't remember saying that.

Sir HENRY DRAYTON: He did not say that.

Mr. DUFF: What did he say? If you are going to answer for Mr. Doherty, perhaps we had better put you in the witness box.

Sir HENRY DRAYTON: You would get some useful evidence.

*By Mr. Duff:*

Q. Do you say these were built for the Canadian trade, Mr. Doherty?—

A. Yes they were.

Q. You say that?—A. Yes.

Q. Which particular trade were they built for?—A. There is only one Canadian trade I know of. When you talk of Canadian trade you are referring to Canada.

Q. Were they built for carrying deals?—A. They have carried deals.

Q. But were they built for that?—A. They can carry deals with equal facility to other lines carrying deals from Canada.

Q. How is it then, when I tried to charter two ships to carry deals, a fortnight ago, in my business as a ship broker, the answer I got from Montreal was that they would not accept 70/- a standard, but they would charge them at 70/- a standard, and the shipper would have to pay the difference of what the freight would amount to in loss, about \$5,000.—A. May I ask the Chairman, are we going to discuss traffic matters of the Canadian Government Marine, or are we discussing the general question of the North Atlantic business.

Mr. DUFF: This is North Atlantic business.

The CHAIRMAN: We are trying to get light on a difficult subject and I think you may answer the question. What was the question, Mr. Duff?

Mr. DUFF: The witness said these ships were built to carry deals.

Sir HENRY DRAYTON: No, that is not fair to the witness. The witness's evidence is that they were built for general carrying purposes, but would carry deals as well as any other boat. He does not say they were built for carrying deals; he does not say they were built for carrying grain; on the other hand his evidence is that they were procured to look after the business offering; mixed business. They will carry grain he says, as well as any other boat will carry grain and they will carry deals as well as other boats will carry deals. On the general issue, Mr. Chairman, I think that the officials of the Canadian Merchant Marine are entitled to be treated just exactly the same as the officials of any other company, and that this should not be turned into an attack on the boats or on the practices of the Merchant Marine.

Mr. DUFF: I think I have been fair to the witness. It is not right for you to say that I am using him any different from any other witnesses.

Sir HENRY DRAYTON: He seems to think so.

Mr. DUFF: I don't care what he thinks, the Chairman is here to protect him. I certainly have a right to ask him questions and I am going to do it.

The CHAIRMAN: I do not think the intention of Mr. Duff was in any way to reflect on the management of the Canadian Government Merchant Marine, or the practice they were following. I think that was not his intention. It

is a little difficult to draw the line as to what questions should be asked in an investigation of this sort. I cannot see that it will hurt anyone and it may throw some light on this difficult problem. I have asked the witness to answer and I think he will answer.

Hon. Mr. STEVENS: Before he answers. I think Mr. Duff was illustrating a point, but on the other hand, if the witness answers this question Mr. Duff has asked, it opens up the whole field of discussing where differences may have occurred between the Government Merchant Marine officers and applicants for charters or for shipping space and so on. You may bring in any dispute if that is once opened. I think it is very inadvisable to do it.

The CHAIRMAN: If the members of the Committee will trust the Chair, I will endeavour to see that no abuse occurs.

Sir HENRY DRAYTON: I would point this one thing out to you, Mr. Chairman, that the rates charged for charter parties have essentially nothing whatever to do—although they may have indirectly, I admit, but directly they have nothing whatever to do—with the rates charged for ordinary cargo space. It is a different proposition. That is the reason, I apprehend, that Mr. Doherty is objecting to go into that.

The CHAIRMAN: As I apprehend the situation, the witness gave an answer concerning the usefulness or the adaptability of these ships to carry deals, and the question of Mr. Duff would be likely to bring out an answer which might modify the view just expressed by the witness. I do not think it went farther than that.

Hon. Mr. STEVENS: What is the question now?

Sir HENRY DRAYTON: I would have thought the witness would not charter one of these liner freighters for deals.

The CHAIRMAN: The witness is not only extremely frank, but extremely well able to express himself and we will allow him to answer this question. I will ask the reporter to read Mr. Duff's last question.

Mr. DUFF: Before he reads the question, Mr. Chairman, let me make myself quite clear. I thought I did it before. Before I started examining Mr. Doherty I made the statement that as far as the officials of the Canadian Government Merchant Marine were concerned, I thought they had done wonderfully well, under the circumstances, in view of the fact that these boats were placed in their hands, 63 boats, and I had no reflection, and did not intend to reflect at all on the management. That is not my point. In fact, I am trying to help Mr. Doherty and the officials out when I say that these boats were not built specially for this particular purpose, or the North Atlantic trade. So that I was trying to be fair.

The CHAIRMAN: I absolve you, Mr. Duff, from any idea of unfairness, and I am sure the witness will endeavour to answer the question without further delay or discussion. The reporter will read it.

(By direction of the Chairman, the shorthand reporter read the following questions and answers:)

Q. Were they built for carrying deals?—A. They have carried deals.

Q. But were they built for that?—A. They can carry deals with equal facility to other lines carrying deals from Canada.

Q. How is it then, when I tried to charter two ships to carry deals, a fortnight ago, in my business as a ship broker, the answer I got from Montreal was that they would not accept 70/- a standard, but they could charge them at 70/- a standard, and the shipper would have to pay the difference of what the freight would amount to in loss, about \$5,000.

The CHAIRMAN: Mr. Duff, now what have you to say to that?

[Mr. J. P. Doherty.]



*By Mr. Duff:*

Q. If these ships are suitable for carrying deals, why does your company ask the shipper to pay the loss over and above the regular charter rates?—A. You are talking now of full cargoes?

Q. Yes.—A. We have not at the present time any steamers that we can put into the full cargo trade, that is, steamers that are available. Our steamers are running on regular services, with the exception of a few of the smaller ones that are presently tied up and could not be operated across the Atlantic Ocean with a cargo of deals without showing a very heavy loss.

Q. You must have had the steamers, or your company would not have offered to take the charter at 70 shillings plus the difference between the freight and the actual operating expenses?—A. I have no knowledge of that situation.

Q. You say you have no boats particularly suited for carrying deals. Is it not a fact that boats as small as yours carry deals across the Atlantic, and make money, at 70 shillings?—A. That may be possible.

Q. And are carrying deals and are chartered every day?—A. That may be possible.

*By the Chairman:*

Q. Will you give your opinion to the committee concerning the suitability of your boats for carrying deals?—A. Our steamers, Mr. Chairman, can carry deals as they carry other cargo, but if you are talking of full cargoes there are very many considerations to view. Mr. Duff talks of small steamers, steamers as small as some that we have, going across the ocean with deal cargoes. Perhaps he has in mind Norwegian boats; perhaps he has in mind small steamers that have been operating on the Atlantic coast, perhaps between Cuba and the United States during the winter, and which may be anxious to get home, and they are very anxious to carry deals to take them to their home port. Our steamers have home ports in Canada, and if we send a small steamer with Mr. Duff's deals we have to bring her back.

*By Mr. Duff:*

Q. They are not my deals.—A. Any deals. We have to bring them back to Canada.

Q. You say these ships have a preference because they come in from Cuba on their way home. Would it not be cheaper to go from Cuba direct, instead of coming to Halifax or St. John and paying port charges?—A. They may carry a cargo of sugar to Halifax or St. John.

Q. Supposing they come light?—A. They would hardly come light.

Q. They have done it?—A. They may have done it, but you cannot make a case by taking odd steamers here and there. I am just giving you a general outline of the situation as I see it. Perhaps there are a lot of things I do not know about these full charter arrangements which you know.

Q. All I am trying to show, Mr. Doherty, is that the Canadian Government Merchant Marine boats should not be taken in this enquiry to prove that the other lines are not charging too much money to carry goods, and in order to show that I am trying to show that these boats were not built for the North Atlantic traffic, and consequently the fact that you lose money on your voyages should not have any effect at all on our arriving at a decision later on.

Sir HENRY DRAYTON: That is not a question; that is an argument.

Mr. BLACK (Halifax): May I make a remark? It is that the needs of Great Britain were very very great for the products of Canada, grain, provisions, lumber, everything that we are now sending and could then send. The tonnage of Great Britain was being sunk rapidly; it was decreasing very rapidly,

[Mr. J. P. Doherty.]

and Canada was called upon to supply tonnage to carry these very products from Canada to supply Britain and the Allies, so that these boats are equal to any, in my judgment, and I ask Mr. Doherty if that is not the case, that they are equal to any smaller class of boats of smaller specifications that are trading in the North Atlantic.

Mr. DUFF: Then you think the boats are all right?

Mr. BLACK (Halifax): As cargo boats, they are as good as the average cargo boat.

Hon. Mr. STEVENS: Mr. Chairman, I would like to ask two or three questions.

Mr. DUFF: I wonder if I may ask another question. Did the witness answer Mr. Black?

The WITNESS: What was Mr. Black's question?

*By Mr. Black (Halifax):*

Q. What I stated was——.

*By the Chairman:*

Q. You heard Mr. Black's appreciation of the quality and nature of the Canadian Government Merchant Marine?—A. Yes, sir.

Q. And he asked you whether you agreed with that?—A. Is Mr. Black talking of our trans-Atlantic steamers?

*By Mr. Black (Halifax):*

Q. I am talking of the boats you have in the Atlantic trade.—A. Quite so, sir; you are very correct.

Mr. DUFF: Mr. Black also said that these boats were built during the war to carry the products of Canada to Great Britain and other countries during that time.

Mr. BLACK (Halifax): The Allies, not other countries.

*By Mr. Duff:*

Q. Is that a fact?—A. Built during the war time?

Q. And built to carry goods for war purposes?—A. I do not think we had any of the steamers built for us prior to the close of the war.

Q. You had no steamers built prior to the close of the war, and consequently none of your steamers were engaged in carrying Canadian goods across the ocean for war purposes?—A. Not for actual war purposes: If they were not there they could not do that.

*By Hon. Mr. Stevens:*

Q. May I ask two or three questions? In the first place, you understand the north Atlantic shipping business?—A. To a degree. I would not like to match my knowledge with that of Colonel Gear, or some others who are specializing in the north Atlantic trade. I have many other irons in the fire.

Q. You understand the needs of that business?—A. I will do the best I can, Mr. Stevens, to answer any question you may have to ask.

Q. The cargo passing from Canada, Canadian ports, to Europe, and from European ports to Canada, is of what character, generally speaking?—A. As far as my own services are concerned—and I do not think I can talk with any degree of real certainty as to the performance of the others—I would tell you that our usual cargoes are very largely in accord with the figures that we have had to-day in this statement.

[Mr. J. P. Doherty.]

Q. Would you call them general cargoes?—A. Well, we would say grain and general cargoes.

Q. Grain and general cargoes?—A. That is, going to the eastward. Coming home, we have tin plates, certain iron and steel goods from the Bristol Channel—

The CHAIRMAN: A little louder, Mr. Doherty, please. Gentlemen, give the members who are sitting further back a chance to hear.

The WITNESS: We have tin plates and iron and steel goods from the Bristol Channel; from Antwerp we have certain iron and steel goods, glass, and general package cargo.

*By Hon. Mr. Stevens:*

Q. Then for the carriage of this cargo are the ships known as the 8,100-ton class ships of the Canadian Government Merchant Marine, in your opinion, suitable ships?—A. Absolutely suitable.

Q. Are they satisfactory from the standpoint of handling cargo?—A. Quite satisfactory.

Q. Loading?—A. Loading.

Q. And carriage at sea?—A. Quite.

Q. And with the special work in connection with the cattle accommodation, are they satisfactory for cattle, in carrying cattle on the upper deck?—A. What do you mean by, "special work"?

Q. The work you mentioned as costing \$7,000.—A. They have carried cattle over the last many months practically without loss.

Q. And satisfactorily?—A. Apparently, yes.

*By Mr. Black (Halifax):*

Q. In connection with Mr. Duff's remark just now, that the ships were not carrying Canadian cargo to the Allies, I would say this, that they were ordered and built, or being built, for that purpose. The war stopped and it was not necessary.

Mr. DUFF: That is so; that is quite right.

Mr. BLACK (Halifax): I want to make that point.

*By Hon. Mr. McMurray:*

Q. In connection with your evidence yesterday, Mr. Doherty, you said you had no trouble last year in getting full cargoes for your ships from Canada?—A. I did not say I had no trouble getting full cargoes.

Q. Did you get them?—A. Generally speaking, yes.

Q. Had you any special advantage over the other ships, in getting these cargoes?—A. I would not say so.

Q. So they would have the same opportunity of getting these cargoes as you had?—A. They would probably have better opportunities, those who had faster steamers than ours.

Q. Can you give us the amount that was required to clean out that ship and disinfect it?—A. I have put it in the record to-day.

*By Mr. Duff:*

Q. Mr. Doherty, in view of the fact, as you say, that these ships are as good or as suitable as any others for carrying cargo both to Great Britain and back to Canada, and in view of the fact that these ships have been losing a great deal of money, would you say that the freight rates should be raised?—A. That is a very broad question, Mr. Duff.

[Mr. J. P. Doherty.]



Q. Or in other words, your rates are not high enough to make it pay?—  
A. I think if I had more general cargo for my services, perhaps our condition would be better.

Q. If you had more general cargo?—A. Yes.

Q. What proportion of your cargo space is taken up, on an average, west-bound or eastbound or both?—A. I just said to Mr. Jelliff, I think, that last year full cargoes were the rule, although there were some exceptions. I cannot tell you whether it was 75 per cent or 85 per cent or anything like that, because I have not those figures in my mind. I am talking about eastward, of course.

Q. If full cargoes were the rule, then there is only one conclusion we can come to, that your freight rates are not high enough. Is that right?—A. Not necessarily.

Q. What do you think, then?—A. I am telling you that if we had a larger proportion of general cargo, our position would be better. The general cargo, by that I mean a better paying class of freight instead of the large volume of grain that we have been carrying in our steamers and which does not give us, naturally, the same possibilities for net revenue.

Q. But do you think it is good business to keep these ships going back and forth across the Atlantic if you are losing money on them?—A. That is something you will have to ask the management. I am not in a position to answer.

Mr. RINFRET: I think you should tell the Minister that.

The CHAIRMAN: I can well understand Mr. Doherty's disinclination to answer that question.

*By Hon. Mr. Stevens:*

Q. Mr. Doherty, if you had full cargoes westward or as full cargoes westward as you have eastward, would that materially affect your earnings and your rates?—A. I am sure it would, Mr. Stevens.

Q. During 1923 or 1924, did your line or any of the lines give rebates to get cargoes?—A. We did not give rebates, Mr. Stevens.

*By Mr. Kennedy (Glengarry):*

Q. Mr. Doherty, have you had any experience in operating boats other than the Merchant Marine?—A. Not in operating.

Q. Or in managing?—A. Or in managing; I have had other steamship experience.

Q. Can you tell the Committee whether or not the operating expenses of the boats you are now handling compare favourably or unfavourably with those of other boats?—A. No, I am afraid I cannot answer that question, because that is something insofar as my present position is concerned, with which I do not altogether deal. That is a question for the management; these are things they take care of.

Q. Can you tell whether or not their cost of upkeep and repairs is greater?—A. That question is along the same line, and I am sure I cannot answer it.

*By Mr. Halbert:*

Q. You said you carried a return cargo from Antwerp. Is there any discrimination between Great Britain to Canadian ports and between Antwerp and the Canadian ports, or how do the rates compare?—A. As far as our own services are concerned, there is no comparison between the cargo we are bringing back from Antwerp and the cargo we are bringing back from the United Kingdom. As I explained a few minutes ago, the steamers bringing cargoes back from Bristol Channel ports, that is, Cardiff and Swansea, consist almost entirely of tinplates, and black plates. We have no such cargo from Antwerp.

[Mr. J. P. Doherty.]

Q. Do you get in your cargoes from Antwerp any British manufactured goods?—A. No, sir, we do not.

*By Hon. Mr. Sinclair:*

Q. Reverting to your reference to general cargo; do you include in your general cargo such articles as dairy produce and meats?—A. Yes, I do.

Q. What provision have you for cold storage?—A. In three of the steamers which we are discussing, we have accommodation for approximately 10,500 cubic feet.

Q. In each steamer?—A. In each steamer, yes.

Q. Do you have them fairly well filled?—A. At times.

Q. Eastbound?—A. At times we are able to fill it; more often not. In the summer months out of Montreal, we do reasonably well; in the winter months from St. John we get practically nothing, and the run of refrigerator traffic for our steamers during the summer months is not constant.

Q. Do you find it a profitable cargo with the amount that you get? Take it by seasons; is your refrigerator space profitable space?—A. It is very hard for me to segregate the refrigerator cargo from the other cargo.

Q. Now, you spoke of "general cargo." To what other cargo do you refer?—A. All cargo other than grain is what I term "general cargo."

*Mr. Kennedy (Glengarry):*

Q. What do you carry in your refrigerator space?—A. Meats and butter.

Q. Are you required to carry meats in your refrigerator space?—A. Are we required to?

Q. Yes?—A. We are sometimes asked to.

Q. And is that your 50-cent rate?—A. No, the 50-cent rate is for ordinary stowage.

Q. Do most of the meats and provisions go ordinary stowage?—A. Very largely, yes.

*By Hon. Mr. Sinclair:*

Q. Does that apply to all seasons of the year?—A. All seasons of the year.

Q. Perhaps, in the winter season, from the Maritime ports, you would not be required to use so much cold storage on account of the cold season?—A. There are certain classes of cargo that will go in refrigerated space at any time in the year.

Q. What are those?—A. Your point with regard to the colder weather might have some bearing, perhaps, upon the shipment of mild cured bacon. In the winter season it probably could be taken care of to the satisfaction of the shipper in ordinary stowage, whereas in the summer time they find it desirable to have it in what they call "Cooled-air space."

Q. The large proportion of the meats are what you call Wiltshire sides?—A. I do not know whether they are Wiltshire or not; we call them bacon, and they are billed as bacon. Whether they are Wiltshire or not, I do not know.

*By Mr. Kennedy (Glengarry):*

Q. Is it true that the great bulk of your refrigerator cargo is butter?—A. To be really truthful, we do not get any "great bulk."

Q. But the great proportion of it?—A. In proportion to the whole—from my memory of last year's operations—perhaps 20 per cent or 25 per cent may have been butter. I say that offhandedly, to give you an idea of our own arrangement.

Q. And 75 per cent would be meats?—A. Yes.

Q. In your cold storage space?—A. Yes.

Q. And your complaint is that the supplies requiring cold storage space are not constant?—A. They have not been constant with us.

Q. Your rate on butter is \$1.50 per hundred?—A. \$1.50 per hundred pounds, yes.

Q. There was evidence given the other day that the rate to New Zealand was practically the same—\$1.50 per hundred?

The CHAIRMAN: Mr. Marlow told us that.

Mr. SYMINGTON, K.C.: It is the same.

*By Mr. Kennedy (Glengarry):*

Q. I was wondering if you gave a lower rate on butter if it would increase your supply?—A. That is something I cannot answer. I do not know the butter trade well enough for that.

Q. In comparison with New Zealand, would it not be reasonable to suppose a lower rate could be given in Canada?—A. It is pretty hard to suppose anything in the steamship business. As a matter of fact, I should not say "pretty hard", but I do not think it would be desirable to work on suppositions.

*By Mr. Halbert:*

Q. As a rule, do you have this cold storage space fully occupied?—A. Not always.

The CHAIRMAN: Any further questions to ask Mr. Doherty?

*By Mr. McKay:*

Q. Could you tell us on what commodities you suffer a loss?—A. No, sir, I cannot.

Mr. McKAY: How is it there is a range from 1920 down to 1924? You have a reduction in loss all along the line on these boats. I see, looking at the list of charges, that you are constantly reducing the rates. There are certain rates in 1924; there is a reduction there—and one of the witnesses told us he made money in 1919, so they must have made a great deal more in 1920—then we had a reduction in 1921. In fact, taking all the items in that column (indicating), 33 in number, and 24 in number on page No. 2, 57 in all, there was a reduction made on 57 articles. If you are losing money, why the reduction?

The WITNESS: As far as the Canadian Government Merchant Marine is concerned, we had to reduce our rates if the rates were reduced by the other lines.

Mr. McKAY: You go plunging into that year after year, because the other lines reduce? I see on every commodity we have here, there is a reduction, without one single exception; a slight increase in 1922, a still greater increase, but not fundamental, in 1924. I cannot understand that. We are told by one of the witnesses that the line he spoke of made money in 1919; he was not asked about 1920, but he must have made a great amount of money in 1920, to make such a reduction in 1921. I cannot understand that.

*By Hon. Mr. Stevens:*

Q. Mr. Doherty, in connection with the fixing of rates, or the making of rates; Is it feasible in ocean traffic to take into consideration the fixing of the rate on commodities according to weight, and according to the distance of the

[Mr. J. P. Doherty.]



mileage haul as between ports? For instance—my question may not have been clear, so let me put it this way—assuming your rate on grain to be a given sum, and your rate on butter ten times higher, is it reasonable or possible to fix a rate on the question of weight, irrespective of the nature of the cargo?—A. Well, I think such an arrangement might be possible, if you could get a uniform rate on all commodities. I mean, it would simplify, I think, the possibilities to find balanced cargo. For instance, if grain would be on the same rate as butter, it would work out splendidly—

Mr. SYMINGTON, K.C.: Excepting you would not have any grain.

The WITNESS: Unfortunately there is such a wide difference in the rates on different commodities.

*By Hon. Mr. Stevens:*

Q. What is the rate on butter?—A. \$1.50.

Q. And on grain?—A. It fluctuates, as you know.

*By Mr. Black (Halifax):*

Q. Quoted by the ton; \$30 per ton for butter; how much per ton for grain at the present time—60 pounds to the bushel?—A. We will say \$3.00, if you are only making a comparison.

*By Hon. Mr. Stevens:*

Q. Take grain at \$3, and butter at \$30: What would be the effect upon you, as a shipping man getting cargo, if there was an equalization of these two rates? Would you carry any grain at all?—A. Not if we could fill the ship with butter.

Q. Would you get any grain to carry at that rate?—A. No, certainly not, Mr. Stevens.

Q. In other words, it is not a practical thing at all?—A. No; I cannot quite see that it would be possible to work out an arrangement such as I understand you are suggesting.

Q. Let me put it this way. In fixing the freight rates on the ocean, you must take into calculation the nature of the goods being carried?—A. Quite so.

Q. And what other considerations?—A. Well, there is the question of space occupied; the matter of expenses incident to the operation of steamers in that particular trade; the length of time they require to sail; the length of time they may be required in port to load and discharge; the costs of loading and discharging; the costs of bunker coal—I could go on, perhaps, with some more, but those are the first ones which come to my mind.

Q. Do you take into consideration market conditions?—A. Insofar as the steamer is concerned?

Q. Yes?—A. What do you mean by "market conditions?"

Q. In fixing the rate on grain, for instance?

The CHAIRMAN: Do you mean the market for tonnage, or the market for the commodity carried?

Hon. Mr. STEVENS: For the commodity carried.

The WITNESS: In the grain situation, it is absolutely necessary for us to do that.

*By Mr. Halbert:*

Q. But not in the butter trade?—A. Mr. Stevens was speaking of grain. Marketing conditions, insofar as grain is concerned, are widely separated and different from marketing conditions that might affect butter.

[Mr. J. P. Doherty.]

*By Mr. Symington, K.C.:*

Q. Will you tell us what you mean by "marketing conditions," because that expression has been used before?—A. The term was used as part of the question directed to me by Mr. Stevens. As I would understand marketing conditions, they are the conditions of buying, selling, marketing and so on. I cannot think of anything else.

Q. Do you mean that you take into consideration the price of wheat at Liverpool in deciding what your rate will be, or the demand for the space in Montreal?—A. As far as grain is concerned, it is naturally the demand.

Q. Not the marketing conditions of wheat in Liverpool?—A. I do not know whether it is, but naturally the marketing conditions at Liverpool would be more or less reflected in the supply of grain available at Montreal, for instance, Mr. Symington.

*By Hon. Mr. Stevens:*

Q. On the question of distance, in fixing of rates let me take Mr. Preston's statement in here, regarding a criticism of yours and others in carrying cargo from Montreal to Liverpool as against South Africa. What is your explanation of that? One is 6,000 miles and the other is 3,000 miles. There is a specific case mentioned here; I think it is on pianos or musical instruments; the rate to South Africa is less than to Great Britain. Can you explain that although the distance is twice as much?—A. I have never had anything to do with the African trade, Mr. Stevens.

Q. Can you explain in a general way why there would be that difference?—A. I do not know that I can, not having full details of the two services for comparison.

*By Mr. Halbert:*

Q. In figuring your rates do you figure in distances?—A. In so far as our operating costs are concerned, we must.

Q. In your opinion could you carry from say, Vancouver to the Old Country butter as cheaply as from Montreal?—A. It would depend, very largely, on what other cargo we were getting to make up our volume. I mean to say what other traffic we were getting to make up our cargo.

*By Mr. Rinfret:*

Q. How many ships did you say you had engaged in the North Atlantic Tract?—A. Nine.

Q. I understand their main business is cattle carrying?—A. No, sir.

Q. How large a proportion?—A. I told you yesterday we have four steamers, one of which sails every two weeks, and each steamer accommodates 223 fat cattle.

Q. Sir Henry Thornton appeared before the Committee last year and I think, he endorsed that statement, that by carrying cattle you are losing an average of \$1,415 per trip because that space could be occupied by a more remunerative cargo?—A. Those were the figures we submitted as comparisons.

Q. Do you think any private company would accept a cargo on some charitable or public basis rather than go after remunerative traffic?—A. I cannot say for a certainty but if I can judge from conversations that I have heard I think perhaps some of the other lines are doing the same thing.

Q. You mean to say even though they could use that space for something remunerative?—A. Yes.

Q. They are doing that?—A. I say, if I can judge correctly. I cannot say definitely that they are but some of the other steamship representatives that are here I think could answer the question definitely.

[Mr. J. P. Doherty.]

Q. I cannot believe that if they had just a limited space they would carry on their business on that charitable basis.—A. Of course there are so many exporters—I should say exporters of different classes of merchandise in Canada—there are also exporters of cattle, who expect some consideration, and I think—I know as far as we are concerned we try to be considerate with everybody and I think perhaps the other lines you refer to would be glad to assist in any way they can in furthering the general interests of the Canadian exporter.

Q. There may be a good reason for a Government owned concern to do that but my point is that that is not quite typical of a privately owned shipping line, where people may be called upon to perform some kind of public service to the shippers?—A. I would not say that I would be prepared to go that far. We are not operating our steamers without getting the rates that are being paid to the other lines. I mean our rates have been the same and our shippers are paying us identically as they are paying the other lines for carrying their cargo.

Q. You might be influenced by some public spirit outside of your strictly business interest?—A. What do you mean by public spirit?

Q. If you refused the cattle it might create a commotion in those parts of the country where they wanted to ship?—A. I am sure it would.

Q. And I do not suppose a private company would have to consider that side of the question at all.—A. That is something you will have to ask them. I cannot answer for them.

Q. We cannot have two witnesses at the same time in the witness box.—A. That is quite true.

Q. We are asking for your own views.—A. I have answered your questions as far as I can up to now.

Q. If you were desirous of favouring a certain part of the community you would accept a certain class of goods that would not be as remunerative as another class.—A. I would not say that I would. You said, as I remember, some commotion might arise. I said that would be quite possible, or something of that kind.

Q. We have the statement here that by carrying cattle you are losing money and that you could carry something else?—A. Yes.

Q. My question is, why do you carry cattle?—A. For the same reason that the other lines carry cattle.

Q. Why do they?—A. You will have to ask them.

Q. I am asking you now. I will ask them later.—A. I cannot answer for the other lines.

Q. Either this calculation is not right because you are not losing any traffic or otherwise you are taking a lower class of traffic to accommodate someone.—A. We are. I told you that, or at least I wanted to tell you that a minute ago.

Q. Then carrying cattle is really for public service?—A. There is no doubt about that.

Sir HENRY DRAYTON: Last year the service was going to work into the question of seeing what reduction could be made for the chilled carcasses. You came to the conclusion, you remember, Mr. Doherty, you could not cut the live cattle rate. It developed that you shipped five carcasses in the same space as one live beast. Perhaps you could let us have that.

*By Mr. Duff:*

Q. You stated a moment ago that you thought perhaps the other shippers were doing the same as you were with regard to carrying cattle. It was not always a paying business.—A. I beg your pardon?

Q. You stated you thought the other shippers were doing the same as you were with regard to carrying cattle. It was not always a paying business.—

A. The other shipowners?

[Mr. J. P. Doherty.]



Q. The other shipowners?—A. I said it was possible, yes.

Q. Now, you told us yesterday that you were carrying cattle after paying the actual expenses for handling at \$2.52 a head?—A. Yes.

Q. That does not include the operating expense of the ship at all?—A. No. That is the net, after deducting the expense involved in the actual carriage of the cattle.

Q. Would you say the other shipowners are carrying cattle for \$2.52 a head?—A. I could not tell you.

Mr. SYMINGTON, K.C.: Colonel Gear's figures are \$4 under Mr. Doherty's, for cost of carrying cattle. Mr. Doherty's figures are \$17.48.

Mr. MONTGOMERY, K.C.: The explanation is given that some of these boats are fitted for cattle; they have developed cattle rates; they have not wanted to drop the business and you will note that not many new lines have been developed and not many boats constructed for cattle in recent years.

Mr. DUFF: Mr. Doherty said they were getting \$2.52 net. I was wondering whether the other boats were getting the same thing.

Mr. MONTGOMERY, K.C.: My instructions are that they are making a loss but I have not the figures.

Mr. SYMINGTON, K.C.: Mr. Doherty says he could carry cattle on their boats as well as on any other boats.

*By Mr. Duff:*

Q. I am not through yet. Getting back to the deal business for a moment, suppose you carried full cargoes of deals on the boats, would it be a paying proposition at the present rates?—A. No, sir.

Q. Do you know the Conference rates on apples from Halifax to Great Britain?—A. Yes, I do.

Q. What are they?—A. 90 cents a barrel.

Q. What does the Canadian Merchant Marine charge?—A. 90 cents a barrel with the others; we have carried at that rate in the past few months.

Q. The same as Conference rates?—A. Yes.

*By Mr. Shaw:*

Q. Mr. Doherty, can you handle more business eastbound with your service?—A. Can we handle more eastbound traffic.

Q. Yes.—A. We can handle more eastbound traffic at times, when our ships have gone out with vacant space.

Q. If you handled more eastbound traffic I suppose your deficit would be to that extent decreased?—A. The more cargo we carry, naturally the greater is the earning power of the ship.

Q. I understand from you, you have good ships?—A. They are relatively good ships.

Q. And that your boats are satisfactory for the North Atlantic service?—A. Yes.

Q. You are charging the same rates as the Conference charges, are you not?—A. We are.

Q. Then it must be a question, if your boats are satisfactory, if your rates are the same as those charged by the Conference, it must be a question of getting business. Is that the situation?—A. When you say getting business I do not know whether you mean getting volume or getting quality. If you refer to volume I think we are doing quite well. If you refer to quality I will tell you that the faster steamers—as a matter of fact, I think I have said that in my evidence already—the faster steamers will naturally draw the better paying cargo, cargo that we will not get against that.

[Mr. J. P. Doherty.]

Q. Then the situation would be that your boats are not suitable for the variety of cargo that pays best?—A. I would say that they are suitable.

Q. They are not the most suitable for the North Atlantic service?—A. They are not so suitable to the shippers as the faster steamers.

Q. Is that the only reason that the boats are running at a loss?—A. No. I would not say that altogether.

Q. What are the reasons?—A. I would answer your question this way, and perhaps this is what you want: If we had a greater volume of general cargo in comparison to the whole of the cargo that we are carrying our earnings would be better.

Q. Why not get that business?—A. I am telling you that we cannot draw it for our steamers, taking 12 to 14 days for the passage, against the steamers that are making the passage in eight or nine or even eleven days.

Mr. DUFF: They are not suitable. That is the answer.

*By Mr. Shaw:*

Q. You cannot possibly overcome that handicap?—A. No, we cannot, not with these steamers.

Q. Do I understand then that there is very little hope of ever running the boats at a profit?—A. Well, Mr. Shaw, in the steamship business we are always hopeful. We are always hopeful, as I say, and it might be interesting to you to know that there are some steamers running out of the St. Lawrence to-day that are just as slow as ours are, in comparison.

*By Mr. Rinfret:*

Q. And which cost as much?—A. I do not know what their building cost would be, Mr. Rinfret.

*By Mr. Shaw:*

Q. Will these boats you are speaking about now lose to the same extent as the Canadian Government Merchant Marine boats are losing?—A. I haven't their figures, Mr. Shaw.

Q. I want to find out, if we can, exactly the reason they are losing money?—A. I am trying to answer the question just as frankly and truly as I can.

Mr. SHAW: I quite believe that, Mr. Doherty.

*By the Chairman:*

Q. It is quite plain, is it not, that good though your boats may be and well founded, and, let us hope and believe, well managed, they are not quite fast enough to attract the business that pays best?—A. They are not fast enough when there are faster, sir.

[Mr. DUFF: In other words, not suitable to the trade.

The CHAIRMAN: Now, Mr. Sinclair, I understand you have one or two questions to ask.

Mr. MONTGOMERY, K.C.: That seems to bear out the resolutions of some of the provision people in Montreal.

The CHAIRMAN: Now, Mr. Sinclair, will you speak up so that we will all be able to hear you.

*By Hon. Mr. Sinclair:*

Q. What I was going to ask was with reference to the table found on page 1 of the Report of the Committee on Railways and Shipping, where Sir Henry Thornton gave the voyages completed during the year, at the bottom of the page. Do you see that, Mr. Doherty?—A. Yes.

[Mr. J. P. Doherty.]

Q. Can you tell us how many boats and the sizes and the speed of those boats that were engaged on those different routes that are mentioned; I might ask before that, I suppose that statement will be applicable to 1924 business?—A. This statement here? No, I think that was for 1923, Mr. Sinclair.

Q. But would it be fairly representative of your 1924 business?—A. Well, we have made some changes, so that I would not want to mislead you by saying that it would be practically the same, but if you want the information I will be able to get it for you definitely. What you have in mind is, the number of steamers used in each trade?

Q. For 1924?—A. All right, for 1924, the number of vessels used in each trade.

Q. On these routes?—A. Let me see if I cannot give it to you now. First we will say nine on the Transatlantic.

*By the Chairman:*

Q. That is, the United Kingdom and the Continent?—A. The United Kingdom and Continent, nine; we will say six to Australia and New Zealand, and we will say six in the West Indies trade.

Q. Divided into freight and passenger business?—A. I will be glad to divide them; four freight and two passenger to the West Indies, one steamer to Newfoundland, and six steamers in the Intercoastal Oriental service.

*By Hon. Mr. Sinclair:*

Q. Is that the Orient?—A. To Japan and China. Intercoastal and Oriental service, six steamers. That was a joint service. From Vancouver to Australia and New Zealand I think we had four, and we had four operating in the Pacific Coastal service, that is between British Columbia and California.

Q. The second item you gave there, six steamers, was that India or the West Indies?—A. That was the West Indies, four in the freight service. As a matter of fact we had five in that freight service at one time, but the number was subsequently reduced to four. We make changes from time to time, Mr. Sinclair, so that this will be fairly correct I think.

*By the Chairman:*

Q. That is for 1924?—A. For 1924.

*By Hon. Mr. Sinclair:*

Q. Now, Mr. Doherty is each one of these routes performing a profitable service?—A. Some are.

Q. From the company's standpoint, I mean?—A. Some are.

Q. Which are?—A. I have not the figures in my mind now, Mr. Sinclair.

The CHAIRMAN: Can you tell us which are profitable and which are less profitable?

Sir HENRY DRAYTON: We had that last year.

The WITNESS: This is for last year, Sir Henry.

Hon. Mr. SINCLAIR: Perhaps he could prepare a statement later on and submit it to the Committee.

The WITNESS: If you will let it rest with me along these lines, I will see what can be done.

*By Hon. Mr. Sinclair:*

Q. In preparing the statement, you might show which routes are profitable, which routes are showing a profit and which are not, and whether in

[Mr. J. P. Doherty.]



your opinion the trade would suffer if the boats were withdrawn from those routes?—A. From any of the routes, you mean?

Q. Yes, from any of the routes?—A. If the trade would suffer, you say?

The CHAIRMAN: From a public standpoint.

*By Hon. Mr. Sinclair:*

Q. If other boats are serving there?—A. I will do my best to get that for you, Mr. Sinclair.

The CHAIRMAN: Are there any other questions by any of the members of the Committee; if not, we will go on.

Mr. BLACK: May I ask a question or two, Mr. Chairman?

The CHAIRMAN: Certainly, Mr. Black.

*By Mr. Black:*

Q. How many trips to the St. Lawrence does each ship make; take the Commander as an example; how many trips would that make?—A. I would judge 15 trips, if the season is 30 weeks.

Q. Fifteen trips for one boat?—A. For one steamer?

Q. Yes?—A. It is every eight weeks for one steamer, so that with thirty weeks it would be probably three and a half trips.

Mr. SYMINGTON, K.C.: Seven trips, would it not?

Sir HENRY DRAYTON: Three and a half round trips.

*By Mr. Duff:*

Q. Mr. Doherty, Mr. Sinclair was asking you of the different routes, not only the North Atlantic but the other routes. By putting these boats on these different routes, you have built up a shipping trade, that is, shippers are taking your boats to send goods to and from British Columbia and the Orient; shippers are using your boats in the carrying of that traffic, and they are making regular passages?—A. Yes.

Q. Would you think it advisable to take all those boats off those routes and put them on the North Atlantic route?—A. That would be quite inadvisable.

*By Sir Eugene Fiset:*

Q. Are they suited for that trade, except the nine of the North Atlantic?—A. Some would be suited.

Q. How many?—A. We have, as I remember it, twenty-six of what we call the 8,000 ton type, and they would be quite suitable.

Q. Are they of the same class?—A. Quite the same class of steamer.

*By Mr. Duff:*

Q. You would not think it advisable to take them off their present routes and put them on the North Atlantic?—A. I would not think so.

*By Mr. Montgomery, K.C.:*

Q. Mr. Doherty, you have told us several times this afternoon that you quote the same rates as are quoted by the Conference. That is correct, is it not?—A. That is correct.

Q. From your experience in the handling of ocean traffic, and your acquaintance with your customers, is it necessary that there should be both parity and stability in rates?—A. I should say it is a great advantage to have stability of rates.

Q. Are you sufficiently in touch with the general shippers to be able to express an opinion as to their attitude?—A. We have heard so many expressions lately, Mr. Montgomery, but I may say that some are and some are not; many have complained of freight rates, and their complaints have been coupled with the Conference.

Q. I suppose complaints about freight rates have always existed and always will exist?—A. I would judge that you are quite right.

Q. Both on railways as well as ocean service, Railway Commissions to the contrary?—A. Of railway business I do not know so much.

Q. On this question of the point of view of the shippers, Mr. Doherty, you have told us you have not attended Conference meetings since the end of January or the beginning of February of this year?—A. Yes.

Q. Prior to that time, I would infer that you were associated with the Conference?—A. Yes, sir.

Q. What is your experience in regard to that, as to the attitude of the Conference and the Committees towards shippers, as to their willingness or unwillingness to meet and deal with shippers as to rates?—A. Well, I don't know of any instance in my own experience where the Lines were not prepared to give very close study to any applications that might have been made for rate changes.

Q. I would like to draw your attention to page 31 of the Minutes of the proceedings and evidence before the Committee on National Railways and shipping, your evidence, at the top of that page, when Sir Henry Thornton was being questioned as to the Atlantic Transport Line, which carried cattle out of New York. This question was asked:—

“Q. They are not carrying any Westbound traffic, are they?”  
and you replied:—

“MR. DOHERTY: They get a better run of general cargo than we do in Canada, on account of the larger market in the United States. The Lines operating into New York, as a rule, will find larger Westbound cargoes.

“MR. HARRIS: Do they actually find a Westbound cargo?

“MR. DOHERTY: Yes. You understand, a cattle steamer carries a very large proportion of grain and general cargo, because cattle are only carried on the top deck, and in some instances in two decks, but the holds are utilized wholly for the carrying of general cargo.”

I suppose that answer is as true to-day as it was then?—A. I do not know that there is any change in conditions, Mr. Montgomery.

Q. Is that the case with cattle boats, or does that apply to cargo boats generally?—A. I don't think it would apply to any particular class of boats; any boats coming Westward would be included under that heading.

Q. And are they in a better situation when coming to American ports than to ours?—A. That is my understanding.

*By Mr. Symington, K.C.:*

Q. To-day?—A. I don't know of any change.

*By Mr. Montgomery, K.C.:*

Q. That being so, which port would have the advantage as regards ability to quote a cheaper rate, the Canadian or the United States ports? The American ports, or the United States ports, or the Canadian?—A. You mean a cheaper Eastbound rate?

Q. You have told us that eastbound rate is largely affected by the west-bound earnings?—A. Yes.

[Mr. J. P. Doherty.]

Q. And that the westbound earnings to the United States ports should be somewhat better than the westbound earnings to the Canadian ports?—A. Quite right.

Q. While we are on that subject, what about the outward cargo, what would you say as to the respective advantages of the United States ports and our own as regards outward cargo, the size of the cargoes and so on, or is it any different from theirs, west from eastbound?—A. Well, with the greater number of services operating out of most of the American ports, perhaps I should not say most—take New York as an example, if you will allow me to do that; with the greater number of services operating out of New York, I would judge the volume of their traffic would be heavier than ours.

Q. And that as a rule should bring down the cost somewhat?—A. If you are talking generally of costs. It might perhaps be a little confusing, inasmuch as we have been talking about individual voyages, at least I have been, to-day.

Q. Then we will take individual voyages. Let me put the question in this way: given the factors you have indicated on page 31 of your evidence, to which I have just drawn your attention, and any other consideration such as would apply to the eastbound movement, which country would be most likely to gain an advantage from the maintenance of a parity of rates between the two, and taking into consideration both the shippers and the shipowners and ports? That may be a little long and involved but perhaps you can follow it?—A. It is a bit involved, Mr. Montgomery. If I can answer it piecemeal perhaps it would be better.

Q. From our Canadian point of view, we have our shippers?—A. Yes.

Q. We also have our own St. Lawrence trade and Halifax and St. John trade?—A. Yes.

Q. And our ports?—A. Yes.

Q. I suppose there would be no dispute that it is desirable that each should be maintained and developed?—A. Each port?

Q. Each port and each class; the shippers, and the shipowners, and the ports.—A. I think that is our one desire.

Q. Then having in mind the factors which you say should ordinarily enable the United States Ports to quote cheaper eastbound rates, which country would be apt to get the advantage from any Conference, or any other arrangement, which would maintain a parity of rates as between the two?—A. Did I say the lines operating from the United States could quote lower rates?

Q. What I asked you first was: I drew your attention to your answer on page 31, that their westbound traffic was somewhat better, that they got a better run of general cargo.—A. That is quite right.

Q. And I think we then agreed that that condition should affect, and would affect the round voyage?—A. In the gross revenue, yes, quite right.

Q. And I think you have already told us that if we had more westbound traffic, that it might possibly—and would certainly, I might say—have an effect upon the eastbound rate situation.—A. Well when you say it must or would, I cannot quite agree; but I will say to you—and I think I have said this earlier in the afternoon—that if the cargoes to the west were greater, there would be more possibility of the steamship lines being in a position to give better rates to the eastward.

Q. That is as far as it is necessary for my purpose.—A. That is what I had in mind and I just wanted to make it clear.

Q. Then if that situation exists in the United States to a greater degree than it does in Canada, that possibility which you have indicated should in the same way exist to a greater degree in favour of the United States.—A. What you have in mind is, that their position to-day is better than ours?



Q. It should be, as regards the possibility of their quoting lower rates than we could, economically.—A. Well, you know, Mr. Montgomery, it is so hard to talk about economics unless you are in a position to give full consideration to the type of steamer, to the class of steamer and type of service which is being given. I mean, we cannot talk in general terms.

Q. Then let me put the question directly to you. You know, do you not, that the New York Conference does maintain a parity of rates between North Atlantic ports in the United States and our own North Atlantic ports.—A. You mean that the rates from Canada and the rates from New York are the same?

Q. That is the result of the North Atlantic Conference arrangement?—A. That is quite so in the meantime.

Q. Now, does Canada lose or gain by such an arrangement, in your opinion? —A. You are talking of Canada from the point of view of shippers and of our ports and that kind of thing?

Q. Yes.—A. It seems to me that the Canadian situation is being taken care of, inasmuch as the rates which are available for Canadian shippers are no higher than the rates which are being quoted for similar commodities from American ports.

Q. Well, do you see any disadvantages to Canada from the results of the Conference arrangement?—A. Any disadvantages? From the point of view of a steamship man, I would say No.

Q. Now let us follow it on then, from the point of view of the shipper. You have told us that the average shipper does want a certain amount of stability in rates.—A. I do not think there is any question about that. You will find they will all admit it.

Q. Do you agree that the traffic has, to a large extent, a common origin which is not separated by the boundary between the two countries?—A. Well, the cargo we get for our steamers is very largely Canadian traffic. We do not draw very much from the United States.

Q. But you know that Canadian traffic does go to New York and American traffic to Canada?—A. Quite true.

Q. That would apply to everything west of a certain point, which Mr. Marlow has mentioned as being Toronto, at a certain time of the year, and other cities at other times of the year?—A. It is a territorial proposition, governed very largely by rail rates and that sort of thing.

Q. Absolutely, and more so than by flag considerations.—A. I don't think there is very much flag consideration when it comes down to a question of this kind.

Q. So that the question is largely geographical and railway, coupled with the rates?—A. A geographical situation, naturally.

Q. That is a Canadian shipper will ship via New York if he can get a cheaper through rate to the ultimate destination?—A. I have found that to be so.

Q. And of course there is no boundary on the high seas between the two countries. Then if the shipper does find an advantage in a stability of rates, would you see an advantage to the shipper in a parity of rates, so that he would know that the available ports are on the same basis and that some other shipper would not be getting some advantage over him?—A. Well, I think I answered that before, didn't I, by saying that stability is something that the shipper must have.

The CHAIRMAN: What Mr. Montgomery means is not merely stability from the same port, but is it advantageous for the shipper to know that whether or not his competitor ships by another North Atlantic port outside of Canada, that the rates will be the same?

[Mr. J. P. Doherty.]

The WITNESS: Oh, that naturally follows, Mr. Chairman. It naturally follows that we must have that situation.

The CHAIRMAN: I think I properly seized your question?

Mr. MONTGOMERY, K.C.: I think so, Mr. Chairman.

*By Mr. Montgomery, K.C.:*

Q. I understand there is a bonding privilege as between the two countries, so that the traffic is not in any way hampered by the boundary line?—A. That is my understanding. Unless it might be shipments of some of our Canadian liquors. They do not allow those to go across. That is one advantage that we have.

Q. You have been asked a number of questions as to your rates and the operations of the Canadian Government Merchant Marine. I suppose you are pretty well in touch with the shipping situation generally? You must be, if you are managing those boats.—A. I think I have said already our participation in the United Kingdom business, the transatlantic business, is so small that I perhaps am not as closely in touch with it as some of the other representatives who are more or less specializing in that particular trade. I mean personally I have many other trades to take care of.

Q. Well now, Mr. Doherty, I put this question to you: from your general knowledge and experience as a shipping man, engaged to some extent in this trade, is the North Atlantic trade regarded as a profitable one to-day?—A. Our figures show that it has not been profitable to the Canadian Government Merchant Marine.

Q. And have you any reason to suppose that other lines are doing so much better that your losses are in their cases converted into large profits?—A. There would be no means of my knowing, Mr. Montgomery. You would understand that.

Q. A man usually does know the general situation in any trade he is in, and what is your understanding as to the trade situation in the North Atlantic?—A. If I were operating the same class of steamers, I mean if we were all on an equal footing and getting identical cargoes or identical assortments of cargoes, then perhaps I might give you an indication of what the others might do.

Q. Let us confine our question then to that; let us take cargo boats of about your own stamp and speed, and I understand that there are many others in the North Atlantic trade?—A. There are some.

Q. Do you know of any factor which would lead you to suppose that they are doing any better than you are?—A. Similar steamers to mine, I do not think that they are,

*By the Chairman:*

Q. Mr. Doherty, is there any regular steamship line running to Montreal, composed of vessels of the same type and quality and speed as your own?—A. I do not think there would be any just identical, Mr. Chairman.

Mr. SYMINGTON, K.C. : Any, with only one type.

*By Sir Henry Drayton:*

Q. What about the Cairns?—A. Well now, Colonel Gear probably could tell you how Cairns' boats compare with mine, better than I can tell you how mine compare with his.

Mr. DUFF: Colonel Gear would have to say they were better.

*By Sir Henry Drayton:*

Q. I do not think he would though. Just one other question I want to ask here, Mr. Chairman, that I think Mr. Doherty can give me. We have

[Mr. J. P. Doherty.]

one boat running to Newfoundland. Perhaps Mr. Doherty could give us the rate on flour, which is the chief thing going to Newfoundland now?—A. Sixty cents a barrel.

Q. Is that the same as it has been for some years?—A. It is lower than it was two years ago and it is higher than it was last year.

Q. What was it last year?—A. It fluctuated last year, going as low as 40 cents.

Q. And this year it is?—A. Sixty cents.

Q. And two years ago it was?—A. Ninety cents.

Q. So we have the picture of ninety cents two years ago, fluctuated last year as low as forty, and sixty cents this year.—A. Yes.

*By Hon. Mr. Sinclair:*

Q. Did you have any competition on that?—A. We have three companies presently operating between Montreal and St. John.

*By Sir Eugene Fiset:*

Q. Are these Conference rates? Or, the same rates the Conference charges?—A. This is Newfoundland we are talking of. The Conference which we are discussing here is transatlantic.

Q. I know, but is it the same rate? What does the Conference charge?—A. Oh, the rate for flour to the United Kingdom to-day are eighteen cents per hundred pounds.

*By Mr. Halbert:*

Q. Mr. Doherty, you admit that the Government Merchant Marine is losing money at the present time?—A. We were talking of the trans-Atlantic services. Yes, our figures show that.

Q. You admit you are losing money?—A. Our figures show that.

Q. And you admitted that if we had more trade coming this way, more British trade, it would practically wipe out the deficit, if it were large enough?—A. I did not go quite that far, but every additional ton we would get would materially assist us in cutting down our deficit.

Q. And you also stated that you were hoping for better times?—A. We always have hoped.

Q. You know "Hope deferred maketh the heart sick." Upon what is that hope based?—A. We are all inclined to believe we are going through a period of depression. It is true last year we thought this year would be better than last, but our experience up to now does not prove that our hopes have any foundation.

Q. Were you hoping that perhaps the increased British Preference would enlarge the shipping from Great Britain this way?—A. I did not think of it particularly along that line, but a general improvement in business. We feel it has got to come, and we hope it will come soon.

*By the Chairman:*

Q. Mr. Doherty, you say there are besides yourself three other lines running to Newfoundland?—A. There are two others.

Q. Have these been in the trade for long?—A. One of them has been in the trade for three or four years, and the other has been in the trade—this is the second year.

Q. Do you all charge the same rates on flour to Newfoundland?—A. Yes.

Q. Is that due to any agreement or because that is the market?—A. We understand what our Newfoundland rates are, between the lines that are operating.

[Mr. J. P. Doherty.]



*By Sir Eugene Fiset:*

Q. Therefore it is the same Conference rate?—A. There is no Conference.

*By Mr. Symington, K.C.:*

Q. It is an agreed rate?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. Must that not always be the result in the long run, that people get together in rates?—A. I cannot see how it can be otherwise.

Mr. SYMINGTON, K.C.: That is the reason we must have one that will not be in.

*By Mr. Symington, K.C.:*

Q. Mr. Doherty, you made a statement to my learned friend about the westbound traffic to New York, to American ports. First, do you know the tonnage that runs into New York, the amount of tonnage?—A. The amount of tonnage? You mean in bottoms, in vessels?

Q. Yes, in bottoms.—A. I do not know off hand. It is very large.

Q. Do you know the amount of traffic?—A. I do not know the tonnage, but I know it is large. I cannot say more than that.

Q. That is the reason I was rather surprised at your ready answer to the question. Are you prepared to say that the boat running into New York carries more cargo in relation to her space than the Canadian boat? I am talking of per boat.—A. Taking it per boat, I think I did raise some point as to the desirability of talking, perhaps, of single steamers instead of generally, but I was referred to a reply or a remark that I made last year as to the situation, and I said that as far as I know it has not changed.

Q. But did your remark made then or now refer to the fact that there is more traffic, of course, going into New York, or that there was more per boat?—A. More traffic; the volume would be larger going into New York than coming into Montreal.

Q. That is the total volume?—A. The total volume.

Q. Not per boat?—A. I do not know what each ship did.

Q. So that all the questions my learned friend asked you, based upon that, for the purpose of showing that American rates could be lower, if they were asked on the understanding that the cargo was greater per ship, he took your answers wrong.—A. If I may answer you this way, perhaps I will make myself clear, to save any misunderstanding. In talking of the traffic it is my understanding that there is a greater volume of traffic moving into New York than into the St. Lawrence from across the water. Now, the next point is that I do not know, I have no means of knowing what any individual steamer is carrying into New York. I could not be expected to know, because my business is Canadian, it is not American.

Q. Are you, then, prepared to coincide with my learned friend's suggestion that because of greater volume of traffic going into the United States as a whole than there is coming into Canada, therefore the individual boat or the individual line is in a position to give a lower rate than the Canadian line?

Mr. MONTGOMERY, K.C.: That was not my question; I said the run of general cargo. The witness emphasized that before, that if they had more general cargo and less grain they would have better results.

The WITNESS: We are talking in the other direction now, Mr. Montgomery.

Mr. SYMINGTON, K.C.: We are talking of westbound cargo.

[Mr. J. P. Doherty.]

THE WITNESS: It is only natural to assume, Mr. Symington, that if there is a larger volume running into New York, as there is, you can perhaps imagine that they are getting it more or less in equal proportion. That is, for the particular class of steamer, and taking them on the whole—I cannot take beyond the whole—they are deriving more revenue on their westbound voyages than we are.

*By Mr. Symington, K.C.:*

Q. That is on the whole, but per boat you do not know?—A. I do not know. I cannot answer per boat. I have no means of knowing.

Q. That will do for that. Now then, seeing that some of the members of the committee seem to be anxious to know something about the Merchant Marine, your route runs to Bristol?—A. No, to Cardiff and Swansea, in the Bristol Channel.

Q. Your westbound traffic is practically limited to tin plates and iron and steel, is it not?—A. Yes, tin plates and black plates and such like.

Q. You get nothing like the high class of commodities and high paying commodities that boats running from Liverpool and London get?—A. In comparison with the whole of the cargoes we carry, the proportion would be very very small, so small it would be almost negligible.

Q. And in your Antwerp service you are largely confined to glass and iron and steel goods?—A. Glass and iron and steel and some general cargo.

Q. As a matter of fact, if you will look at your voyage sheets, your earnings from your westbound cargoes were in every case extremely small, were they not?—A. I would not say in every case, but in the majority of cases, yes.

Q. For instance, one witness tells us in connection with his line running into Canada that it would be roughly 80 per cent occupied eastbound and 40 per cent westbound. I am referring to one answer.

MR. MONTGOMERY, K.C.: The answer yesterday was 80 per cent for one figure, and I have not the other offhand, but it is just as well to put it to the witness correctly.

MR. SYMINGTON, K.C.: I will put to the witness an answer one witness made. He said 80 per cent one way and 40 per cent the other.

MR. MONTGOMERY, K.C.: I do not think it is quite fair for my learned friend to put a question which is likely to mislead the witness, because I well remember that the witness was making a comparison and using an illustration, and he pointed out that in fact they did not get it. He said, "Assuming they do get them, we will have to have so and so to break even", but we had a witness yesterday who gave us the actual figures eastbound and westbound. My recollection is that he said eastbound was 85 per cent or something like that, and westbound—

MR. SYMINGTON, K.C.: I am referring to the evidence of Mr. Marlow at page 338. Mr. Marlow put in an Exhibit, and this is what he says. The question was:—

"Q. Yes. Now, I think if I remember correctly that you told us that was not the actual way in which the thing was figured in practice, and you figured a round sum of dollars as necessary to break even?—A. That is so. The reason for that is that a large portion of our cargo, eastbound, is grain. Sometimes it will be 80 per cent of a ship's cargo, and no one attempts to figure how grain will pay per cubic foot. It is decidedly a weight cargo, and it is figured only on the weight basis. But I have taken one of our vessels that made eight voyages in the year 1924, and we have figured it that she was going 80 per cent fully loaded eastbound, and 40 per cent loaded westbound."

[Mr. J. P. Doherty.]

Mr. MONTGOMERY, K.C.: I think you should put in the next question and answer as well.

Mr. SYMINGTON, K.C.: Very well.

“Q. What about those two assumptions that you have made?—  
A. They are pure assumptions. The point that I wish to make in that regard is that if you come out in ballast westbound, you must necessarily get your earnings for the round voyage eastbound. But taking it on that basis it works out, for the bare operating expense, exclusive of any depreciation or interest, from  $9\frac{1}{2}$  cents to ten cents per cubic foot.”

*By Mr. Symington, K.C.:*

Q. At any rate, you do not get anything like that percentage, do you?—  
A. No, we do not.

Q. Do you get fifteen per cent?—A. I would not like to say definitely what we do get, but if you want the figures I will endeavour to have them for you for 1924, if that will suit.

Q. Very good, Mr. Doherty, that will be first rate. Now then, with respect to your cattle figures in which you show a loss—not a loss, but you show a cost of \$17.48 in a shipment of 233 head of cattle, do I understand you to indicate to the committee that the Canadian Government Merchant Marine, having a capacity of 233 cattle,—

Mr. MONTGOMERY, K.C.: That was 7.8 per cent westbound, according to the actual evidence given yesterday.

Mr. SYMINGTON, K.C.: May I have that question read back?

(Whereupon, by direction, the reporter read back the last preceding question.)

*By Mr. Symington, K.C.:*

Q. —can carry cattle as cheaply as the boats having capacity for carrying more?—A. Well, I cannot answer that question, Mr. Symington, because I do not know what the costs are of the other companies operating cattle steamers.

Q. I am reading from Colonel Gear's evidence at page DD-3 in Exhibit 62, I think:—

“Q. In your evidence yesterday, when you were comparing cattle with flour, you made up the cost in connection with a shipment of 351 cattle at \$8.28 per head?—A. Yes, sir.

“Q. That was a shipment of 351 cattle, of which 247 were 'tween decks and the balance above deck?—A. The balance were in the bridge deck.

“Q. And your rate was \$20 per head?—A. Yes sir.

“Q. So that the difference between the \$8.28, your costs apart from your steaming of course and the \$20 leaves a margin of \$11.72 per head?—A. Yes sir.”

Mr. MONTGOMERY, K.C.: Once again I have to protest against my learned friend's questions. That \$2.52 which the witness has given is figured after taking into consideration and charging against the vessel amounts lost on general cargo, the net amount. If you will refer to the statement the witness has produced in his evidence, you will see it is made up by charging, in addition to the actual expense, the loss between that—

Mr. SYMINGTON, K.C.: The witness knows that.

Mr. MONTGOMERY, K.C.: No, he does not. Is that correct, what I have just said?

[Mr. J. P. Doherty.]



The CHAIRMAN: Mr. Montgomery, it seems to me the objection should be addressed to the committee, and the ruling obtained from the committee.

Mr. MONTGOMERY, K.C.: I object to this question as misleading, the ground of my objection being that my understanding of Mr. Doherty's evidence and of the statement which he filed is that the figure of \$2.52 which he had left over for the steaming and carriage of the vessel was reached after he had charged against the expense the loss due to his inability to carry general cargo in the same space.

The CHAIRMAN: Now, Mr. Montgomery—

Mr. MONTGOMERY, K.C.: And the question which my learned friend is putting to him is before that loss is taken into consideration, so it is entirely misleading.

The CHAIRMAN: If I were asked to rule on it, I would dislike to do so without carefully examining the records. It is now six o'clock, and I think it is a good time to adjourn the Committee. I will have the record before me, because I will be quite frank in stating, that I did not particularly follow the question, and therefore I am not able to properly appreciate the objection, but if the question is unfair, it will be ruled out.

When shall we meet again? I think we might sit to-morrow afternoon at 2.30.

SEVERAL HON. MEMBERS: Carried.

The CHAIRMAN: This Committee stands adjourned until 3.30 to-morrow afternoon.

The witness retired.

The Committee adjourned.

## MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

FRIDAY, May 8, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock, p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum. Mr. Doherty, I think we had not finished with you. Will you please come forward again, sir?

JOHN PATRICK DOHERTY recalled.

*By Mr. Symington, K.C.:*

Q. Mr. Doherty, we were discussing your cattle estimate, which you put in yesterday. Have you it in front of you?—A. I have it.

Q. Look at the first item. I notice that you, in charging for these fittings on an estimated six voyages per year?—A. Yes, sir.

Q. If you make more voyages, of course, the sums charged against each trip would be correspondingly reduced?—A. They would be.

Q. And I think you have told us you make  $6\frac{1}{2}$  voyages per year?—A. Yes, approximately.

Q. And the same question would apply to the next item—your depreciation would be correspondingly reduced against each voyage, if your ships made more voyages per year?—A. That is naturally correct.

Q. Then, coming to the next item with respect to cattle attendants: You have charged this amount at 75 cents per day. Is that a correct figure now?—A. Well, the item of 75 cents per day was used when this statement was originally prepared about a year ago. I would say that our present victualling costs would be somewhere in the vicinity of 55 cents per day per man.

Q. Which would make a material reduction in that amount you have charged against cattle?—A. Approximately one-third.

Q. Then, I have a note here that you have charged this amount for a round-trip voyage, but that the ordinary practice is that, apart from the foreman and veterinary, practically all those men go over, but you do not carry them back?—A. I would not say that is the "ordinary practice" but conditions just now are such as to enable the cattle shipper to find men who are anxious to work their way to England, and these men do not come back, but we are committed to bring these men back if they do desire to come.

*By Mr. Shaw:*

Q. At any time?

Mr. SYMINGTON, K.C.: On the same voyage.

*By Mr. Symington, K.C.:*

Q. So that apart from the one-third reduction, if you reduced your victualling costs from 75 cents to 50 cents, you would also divide the matter in half if the men stayed over—apart from the veterinary and the foreman?—A. Yes certainly; if we did not bring them back.

[Mr. J. P. Doherty]

*Sir Henry Drayton:*

Q. I suppose that depends on whether Canada was a place the people wanted to get out of or come into.

The WITNESS: I think the present condition to-day is due to business conditions.

*By Mr. McKay:*

Q. Most likely they are Englishmen returning home?—A. Very largely, yes.

*By Mr. Symington, K.C.:*

Q. Then, in regard to unloading: I think you wanted to amend that figure—A. These figures I was able to pick out a few days ago, and they indicate the cost of loading at Montreal as in the vicinity of \$125, rather than \$50 as shown in my statement.

Q. That is for the 233 cattle?—A. That is right.

Q. Then you have compared—and make some reductions—what you would have earned with some other classes of cargo, if you have not carried cattle?—A. Yes.

Q. Now that, of course, is, is it not, in fact, a hypothetical condition?

The CHAIRMAN: A hypothetical computation.

The WITNESS: The figures are based on our ability to get cargo to fill that space—the space that is occupied under decks by the cattle.

*By Mr. Symington, K.C.:*

Q. Let us take a line which is in the cattle business amongst others?—A. I am speaking on my own figures, and I do not think I can go beyond them.

Q. I will take you over your own figures. The Canadian Government Merchant Marine, rightly or wrongly, have committed these particular boats to the carriage of cargo, inclusive of cattle?—A. Correct; they are cattle-carrying steamers to-day.

Q. And as I understand the evidence, you cannot to-day select your cargo?—A. Not as to commodities.

Q. Then, if you take your boats as established to carry certain things, you are in the market to get cattle for carrying?—A. Well, there are certain times, perhaps, when we would be just as glad if we did not have cattle.

Q. You include cattle in the class of commodities or freight which you are seeking from the public to ship by your boats?—A. Yes; in a general way, I must answer your question by saying "Yes."

Q. So, in getting at the extra costs of your line with respect to carrying cattle over some other commodities—that is, over the charges which attach to some other commodities—if you will look at your list, I suppose it would be fair to take the depreciation upon these fittings, because that is extra depreciation over every other kind of cargo?—A. Yes, the fittings do depreciate, as we estimate in this particular statement.

Q. Now, if you will take a pencil: you have charged \$117 to that item?—A. That is correct—per voyage.

Q. And in your computation you figure 6 voyages, whereas Colonel Gear figured eight.—A. My computation is on the basis of six voyages.

Q. And if you made that seven voyages, it would be reduced to \$100?—A. Yes.

Q. Then, your next item, "Repairs to fittings, cattle attendants, victualling, etc." On your present cost of victualling, I think that is reduced to about \$230?—A. I have not checked the figures—I mean the figures on the basis of 55 cents, which we figure can take care of our victualling to-day. Do you say \$240, Mr. Symington?

[Mr. J. P. Doherty.]



Q. \$230, I think, but if it is \$240 all right. But what would you allow, under present conditions, seeing you are only carrying half these people, only carrying them one way and not the other?—A. It would naturally be a lesser figure if the men are not coming back.

Q. What would you say was a fair figure?—A. Probably a total of \$115, including the return of the veterinary and the foreman.

Q. Will you put that down on your list, then. Then, "Equipment Loss and Breakage, \$25." Put that down. Then, "Cost of loading." Take Montreal, you say \$116.50?—A. \$125, I think I said.

Q. Very well, put down \$125. Then your next item, "Extra expense incurred discharging cattle at Cardiff, \$587.50." Is that all extra by reason of cattle?—A. Entirely.

Q. Then you had better put that down?—A. I presume that if we are working on the situation as it is to-day, we would require to increase our rate of exchange. These figures, you will notice, are computed on the basis of \$4.70.

Sir HENRY DRAYTON: Take it at par.

Mr. SYMINGTON, K.C.: Take it at par.

The CHAIRMAN: You would do it quicker at \$4.85, and that would be near enough.

The WITNESS: About \$850—no, I am wrong there surely.

*By Mr. Symington, K.C.:*

Q. It would be some place around \$600, some odd?—A. \$607.50.

Q. Now while you are putting that charge down, none the less that charge largely arises by reason of the fact that you carry your cattle on the top deck, does it not; deck cargo, bar the cleaning charges?—A. The extra charges for that deck cargo, as I submitted them yesterday amount to approximately £12 sterling.

Q. That is all, is it?—A. That is the extra charge because of the cattle being carried on deck.

Q. And that would not be chargeable to another line, I mean, the other cattle carrying lines from Canada?—A. That is a charge against on-deck cargo.

Mr. MONTGOMERY, K.C.: The other lines carry on deck.

*By Mr. Symington, K.C.:*

Q. Do they carry on deck, the same as you do, Mr. Doherty?—A. I could not tell you whether they are doing just as I am or not.

Q. Then going on, loss of revenue space occupied by cattle feed under the deck, 10,000 cubic feet; I notice that 10,000 cubic feet, Colonel Gear says is the proper amount for 351 cattle. You would not charge it for 233, would you?—A. We figure it requires approximately 50 tons of hay and feed.

Q. I am wrong, you will excuse me. That is with respect to the feed. Loss of revenue, that is for your under-deck space. No, that is not the item. If you were in the business, that item would not be taken. This loss of space for feed, where is that item?

Mr. MONTGOMERY, K.C.: Under "Loss of Revenue."

Mr. SYMINGTON, K.C.: No no.

Mr. MONTGOMERY, K.C.: "Loss of Space occupied by cattle feed."

Mr. SYMINGTON, K.C.: Yes, that is true.

*By Mr. Symington, K.C.:*

Q. That loss of revenue by cattle feed, Mr. Doherty; Colonel Gear figures 10,000 cubic feet of space for 351 cattle, and you have 10,000 feet for 233 cattle.

[Mr. J. P. Doherty.]

Mr. MONTGOMERY, K.C.: You will observe, too, that Colonel Gear's voyages are shorter, and he does not have as many days to feed them. He is reckoning eight voyages against six, and running faster boats.

*By Mr. Symington, K.C.:*

Q. Would you say 10,000 cubic feet was correct, or 8,750?—A. 10,000 is nearer correct for our steamers.

Q. Nearer correct for your steamers?—A. Yes.

Q. So you would like to leave that figure at \$699?—A. Please.

*By Mr. Duff:*

Q. What kind of feed do you use, just hay?—A. Hay and cattle feed, ordinary bag cattle feed.

Q. Bran?—A. I presume so.

Q. Can you not carry hay on deck?—A. No, we must carry it below deck.

Q. Why?—A. It is a regulation.

Q. Except in the summer time I should think you could carry hay on deck?

*By Mr. Symington, K.C.:*

Q. In any event, Mr. Doherty, running over your list, you being in the cattle business, these are the extra charges with respect to cattle, as opposed to other cargo?—A. Those are the charges, the expenses and extra costs that are attributable.

Q. Would you total them up, then, what I have given you or what you have given me?—A. You have called off the life of the fittings, that is depreciation of \$117, but you did not call of \$200 per voyage covering repairs to fittings, which I assume we must include.

Q. I left all those things in.—A. \$115 for cattle attendants; \$25 for loss of equipment; we have \$125 for cost of loading cattle; we have \$447 representing the extra expenses in connection with discharge, less the cost of discharging equivalent cargo that would be carried in the space occupied by the feed.

Q. I am not comparing, that, just your extra expense of discharging?—A. We will call that \$607.50.

Q. If that is an extra expense, by reason of the carriage of cattle alone.—A. I follow you.

Q. And then there was loss of revenue for your feed; that is not paid for?—A. Do you want that included in my figures now?

Q. Yes, \$699. You are not paid for carrying that feed, other than in the cattle rate?—A. I figure a total of \$1,888.50.

Q. Divided by 233 is what?—A. \$8.10.

Q. \$8.10 a head, leaving from the \$20 rate \$11.90 to pay steaming costs of the voyage?—A. Against operation, you mean?

Q. Against operation, yes.—A. That is correct. Except, Mr. Symington, let me say that there is the matter of one day's detention which you have not taken into account. Perhaps you do not want to at this stage, but there is a matter of one day's detention in connection with the discharge of the cattle.

Q. I left that out, but let us discuss it. You put in your computation the cost of a day's delay in discharging?—A. Yes.

Q. Now, as I understand the operation of steam boats, and of yours, for instance, you make a fortnightly service?—A. That is correct.

Q. For which you expect to steam a certain number of days, be in port a certain number of days, and return?—A. That is correct.

Q. And if you are in the general cargo business, including cattle, the incident of unloading involves a certain time in port?—A. Naturally.

[Mr. J. P. Doherty.]

Q. And in order to justify that charge, what you would say is that you would establish better than a fortnightly service if you could save that day?—A. One day would hardly allow us to do very much better on a fortnightly service.

Q. If you are in the business as general cargo carriers, including cattle, that is part of the conduct of that business?—A. If we had considered it so, Mr. Symington, we would not have included this item of \$400 in our memorandum.

Q. But, Mr. Doherty, you are comparing this with some other class of cargo?—A. No, I am comparing that \$400 as covering one extra day in connection with the steamer's time in the discharging ports.

Q. What would you do with that extra day if you did not put it in there?—A. We would have our steamer at home port.

Q. Which costs what, any difference?—A. It would be a saving, naturally.

Q. What would it save?—A. Well, when our ships are in home ports our crew is paid off and we have not the crew's wages. There would probably be a saving in coal, and there would be a saving in port charges.

Q. Now, we have paid for the port charges, and I want to see where the saving is, because if it is proper I want to give it to you.—A. Quite right.

Q. You say it will not make any difference in your fortnightly service?—A. Not a particle.

Q. Then if you get home to port a day earlier, you discharge your crew a day earlier?—A. That is true.

Q. You discharge your crew every day?—A. Our position is different from the other lines in that respect in as much as we have a home port in Canada, whereas the other lines have their home port in the United Kingdom.

Q. Is it a practice in steamship operation that every time a boat comes to a home port they discharge her crew?—A. Absolutely.

*By Mr. Duff:*

Q. Part of the crew. Not the whole crew?—A. We do not discharge the whole crew. The officers and the master and so on are not discharged.

*By Mr. Symington, K.C.:*

Q. If you came back, in the regular service, and you were in Montreal five or ten days discharging, you would discharge and hire a new crew each time, so there would be a saving of the crews' wages?—A. Yes.

Q. Roughly, what would that be?—A. I cannot tell you offhand.

*By the Chairman:*

Q. Give us an idea. You have so many men; you pay them so much a day; it costs you so much to feed them.

*By Mr. Duff:*

Q. Just the stokers and sailors?—A. Well, there is no use in my giving you an arbitrary figure. If I have not got it in some definite shape it would be quite useless.

*By Mr. Symington, K.C.:*

Q. I am trying to find out from you if I can, if the \$20 is a reasonable cattle rate?—A. Yes.

Q. Not by any comparison with a ship that does not carry cattle but for a ship in the general cargo carrying business. Can you say, whether it be eleven dollars or ten dollars that is left for your operating costs, whether it is a fair remuneration for them?—A. I do not just know what you are trying to arrive at, Mr. Symington, because these figures I have presented, in so far as our own steamers are concerned, are considered

[Mr. J. P. Doherty.]



by us as fair figures. Now, as to what other companies carrying cattle might or might not do I cannot say.

Q. I have taken these figures. Leaving apart this \$400 item, it leaves you, roughly speaking, ten dollars giving eleven dollars allowance to be your operating cost or a share of the operating cost which ought to bring a fair share?—A. What you are asking me is, if \$10 per head was left as a net to the steamer, after paying actual costs chargeable to the cattle for loading or unloading, etc., would \$10 be considered as a fair return. It strikes me it would.

Q. I show you Exhibit No. 60, Colonel Gear's figures. He brings his figures as \$8.28, so that that would leave their lines \$11.72. Of course it follows that you would say you would think that would be a very fair figure for the operating costs at that?—A. On the same basis, if I say \$10 is fair, it will be fair to anybody, if they can get that amount of money.

Q. Now then, with respect to the Merchant Marine you run to Cardiff and Swansea?—A. Cardiff and Swansea.

Q. That is, the Bristol Channel ports?—A. That is right.

Q. I judge, looking over your voyage returns, that return cargo is largely confined to a few commodities?—A. Almost entirely to tin plates and black plates.

Q. Commodities paying comparatively low rates?—A. Yes.

Q. And which are shipped in comparatively restricted amounts?—A. Since yesterday I have been able to develop that our steamers running from Cardiff and Swansea to Canada during 1924 had ten per cent of their cargo space for that.

Q. For practically all of these commodities you mentioned?—A. Principally. The others are very immaterial.

Q. How does that compare with the commodities which come westbound from the more central ports or larger ports, Liverpool, London and so on?—A. There is a greater variety of cargoes coming from Liverpool.

Q. And a higher class of cargo?—A. Cargo paying higher freight rates.

Q. Going eastbound what class of cargo do you get mostly?—A. Our principal item naturally is grain. We get some provisions; we get some flour; we get some lumber. We do not get in large proportions the better classes of traffic. Our steamers are carrying a greater part of their cargo in grain.

Q. Is it so that the lines which have cargo boats, mixed cargo boats, operating faster get the best or highest class of commodities that move? That would be passenger and freight?—A. I would say they do get very much better than we do because perhaps in the first place they are serving ports that take in a better variety and a larger quantity; a better variety of traffic. When I say "better variety" naturally I am talking on the basis of rates.

Q. Better for the shipowner?—A. Yes.

Q. In connection with westbound shipping you have no organization to-day?—A. We have an organization in the United Kingdom but our shipments are very largely handled by operating agents.

Q. Do you know anything of the organization of your competitors such as, the Cunard, the White Star and the C.P.R.?—A. I am sure they are very complete.

Q. They are very complete?—A. Yes.

Q. Do I understand you to say, as I notice in the press you are reported as saying, that you are in favour of taking some 26 boats off their routes and putting them on the North Atlantic?—A. I notice the Gazette reported me wrongly this morning.

Q. As I understand it you recommend no taking off of these boats?—A. We would not desire to increase our United Kingdom service to-day.

[Mr. J. P. Doherty.]

Q. The boats are doing better service on the other routes, is that it? I do not mean in returns but you would sooner leave them on the other routes?—  
A. You can put it that way if you wish.

Mr. DUFF: He said he did not think it was advisable to take them off.

Mr. SYMINGTON, K.C.: Quite so.

*By Mr. Symington, K.C.:*

Q. Now, I hope you will not consider this question as a critical one because it is simply as I heard it. Is it the experience of the managers of your line that your boats have to burn more coal per knot than their competitors?—  
A. Well now, I cannot answer for the management but if you want an idea as to what the steamers of this particular class burn I would say in the vicinity of 35 tons of coal per day.

Q. In the vicinity of thirty-five tons of coal per day?—A. Yes.

Q. You wanted to correct something about your steaming time, yesterday?—  
A. Yes. There was some question as to the speed of steamers and I have checked up the distance from Montreal to Cardiff and found the distance to be 2,880 nautical miles.

Q. 2,880 nautical miles?—A. I have calculated on a 14 day voyage, which would represent an hourly speed of eight and one half knots on a twelve day voyage, which our steamers make from time to time, which would represent, approximately, ten knots per hour.

Q. I think we agreed yesterday the average would be near fourteen days both ways?—A. If you are taking the round voyage into consideration, I think perhaps that would work out.

Q. That would be the basis upon which you would compute that 35 tons per day, so we can say the basis generally of the speed is 35 tons per day, at a speed of eight and one half knots?—A. Yes, that is comparatively correct.

*By Sir Henry Drayton:*

Q. That is taking a slow return voyage and a quicker voyage going east?—  
A. That is right.

*By Mr. Symington, K.C.:*

Q. I suppose you can say that your boats are not considered to burn a great deal less coal than the boats with which you are in competition?—A. I would prefer very much if you were to get definitely what the other companies' vessels are burning, that you get that information from a representative of these lines because really I am not in position to give a definite figure. If I cannot, anything that I might say would be useless to you.

Q. I just wanted general knowledge as to whether or not your boats run with exceptionally little coal as compared with the others or with perhaps more? You would not like to say?—A. I would rather not because what I would say might not be correct.

*By Mr. Montgomery, K.C.:*

Q. Mr Doherty, do you wish to change at all the statement that you submitted yesterday and your statement of last year in regard to the cattle rate and as to the fairness or unfairness of the charge?—A. The statement as regards our own steamers?

Q. Yes, that you made last year before the Committee and that you made again yesterday?—A. No, I have no reason for wanting to change it unless it might be the idea of the Committee that I bring it up to date by making a few alterations that I volunteered yesterday which might bring it up to date.

Q. We understand there were certain minor changes which you yourself suggested yesterday? My learned friend has asked you to do a lot of arith-

[Mr. J. P. Doherty.]



metic. I would like to know whether that in any way affects the accuracy of the statement or the opinion which you expressed yesterday?—A. I would not say so.

Q. Now, you told us that the higher class of cargo will naturally take these fast passenger boats, boats which, I think you said yesterday, made the trip in eight or nine days?—A. The fastest steamers will naturally draw the better class of cargo.

Q. I suppose that holds good against your cargo boats as against all other cargo boats?—A. I would be inclined to say so, taking cargo boats as cargo boats.

Q. If you are figuring a rate on freight would you consider it fair to eliminate any other boats of yours? I understand there are many of them figure the speed in fixing rates?—A. I did not catch your question.

Q. Suppose there would be room for cargo boats on the St. Lawrence trade in addition to high speed passenger boats to which my learned friend has referred?—A. There are many cargo boats operating, so there must be room.

Q. Freight rates have to be calculated on the cargo which they are able to attract, which will bring earnings sufficient to cover their expenses, with a return over and above. That is considered fair?—A. That is the endeavour of all of us to-day. They are anxious to balance the voyages of their steamers.

Q. And if you for instance were to add one or two fast passenger boats to your services, would you think it proper that the freight rates on your cargo boats should be reduced; would that be any reason why the freight rates on your cargo boats should be reduced?

Mr. SYMINGTON, K.C.: Does anybody suggest that, Mr. Chairman?

The CHAIRMAN: I am going to ask Counsel not to make observations one to the other, because it does delay our work.

*By Mr. Montgomery, K.C.:*

Q. Can you answer that question, Mr. Doherty?—A. You asked me, Mr. Montgomery, if it is my opinion that freight rates on cargo boats should be lower than freight rates on passenger boats?

Q. No, I did not; at least I did not intend to ask you that.—A. That was my understanding of your question.

Q. Perhaps we can leave it at this, that what you have said as to your boats would apply to other cargo boats of approximately similar speed, or cargo boats having a speed less than the best Transatlantic passenger boats?

Mr. SYMINGTON, K.C.: What he has said applies, I think.

Mr. MONTGOMERY, K.C.: I meant to ask that question, Mr. Symington.

The CHAIRMAN: I do not believe the witness will answer any question he does not understand, but when he does understand it I think his answer is very clear. If you do not understand it, Mr. Doherty, ask for it again, and answer it as clearly as you can.

Mr. MONTGOMERY, K.C.: You have said, Mr. Doherty, that you would not recommend putting twenty-six more boats upon the Transatlantic trade at the present time?—A. I have said that.

Q. The Transatlantic trade is fairly well filled, is it not, with tonnage?—A. In my judgment, there is ample tonnage to-day to take care of the situation.

Q. You would not recommend even the putting on of ten more boats?—A. I would not want to put ten of my own on, that is, of the Canadian Government Merchant Marine.

Q. When you said you had twenty-six other boats, did you wish us to infer that those twenty-six boats or any of them were not suitable for the Transatlantic trade?—A. Well, we have. What you have in mind, I think, is

[Mr. J. P. Doherty.]



a remark made yesterday that we have twenty-six of the large type steamers, that is, 8,000 ton boats and 10,000 ton boats. Four of these are operating Transatlantic.

Q. You have other boats that could be thrown into the Transatlantic trade, if desired, today?—A. Not to-day, because they are occupied in other services.

Q. But you have other boats that could be put into the Transatlantic trade if desired?—A. If we wished to withdraw from other services, yes.

Q. The Transatlantic trade, as compared with other services, is not considered a very profitable one?—A. I can only speak for our own company.

Q. That is what I am asking?—A. Our services have not been profitable during the past year, and under these circumstances I do not imagine that it would be the idea of the management to put more steamers into such a situation. But I would like to supplement my remarks in that connection by reminding you that we are operating to Cardiff and Swansea, that we are operating in a limited field. The Cardiff and Swansea service was inaugurated by the Canadian Government Merchant Marine at a time when no other line was taking care of those ports, and up to the present time we are alone in that field.

Q. That is rather in your favour, is it not?—A. In our favour?

Q. Yes.—A. Well, it means that we are getting what traffic is going, and largely what traffic is coming back.

Q. And you have told us that you had not experienced any great difficulty in filling your boats?—A. No undue difficulty.

*By the Chairman:*

Q. That is, one way, Mr. Doherty?—A. One way.

*By Mr. Montgomery, K.C.:*

Q. That is the experience of everyone. Col. Gear said he filled his boats seven and a half per cent westbound, if I remember it rightly; you say ten per cent, as far as you are concerned?—A. Our figures show ten per cent, sir.

Q. Your boats have 'tween decks?—A. Yes.

Q. If you had one more 'tween deck, your boats would then be more desirable for carrying package freight?—A. Not in that particular service.

Q. Treating it from the point of view of cattle vs. some other fairly low classes of commodities, such as grain or flour, how do the rates compare as to cubic space occupied—or have you looked that up; or put it on the basis of general cargo, including grain and flour?—A. You have my figures in the records, Mr. Montgomery.

Q. Then I take it that cattle pay, under the existing rates, a lower rate for the space occupied than any of these other commodities?—A. As far as my own steamers are concerned, my figures show that where we carry cattle in the bridge deck space, which is the only place we carry cattle in these steamers, there would be a difference in favour of general cargo of \$1,485.

Q. Cattle are carried under the cheapest rate?—A. The conditions of carriage and type of steamer might have some bearing upon that question. Here are the actual figures, and I cannot go beyond them.

The CHAIRMAN: I think perhaps unless there is some desire on the part of other members of the Committee to ask Mr. Doherty some questions, as he has been on the stand a long time now, we might give him a rest and go on with another witness.

Mr. SHAW: Might I ask one or two questions, Mr. Chairman?

The CHAIRMAN: Yes, Mr. Shaw:

*By Mr. Shaw:*

Q. Mr. Doherty, I understand you to say that there has been a failure on the part of the Canadian Government Merchant Marine to get the higher

[Mr. J. P. Doherty.]

class of cargo, both eastbound and westbound; that is, you have not been able to get the higher class and the better paying class of cargo?—A. That we have not done as well as the other lines, you mean?

Q. Yes, and that that is due, I take it, to the fact that your ships have not the requisite speed?—A. Are you talking of the United Kingdom situation generally?

Q. I am speaking only of the North Atlantic service?—A. The United Kingdom situation generally is the North Atlantic service. If you are taking all the ports into consideration, then your idea is reasonably correct. But I would again say, please bear in mind that the Canadian Government Merchant Marine is operating to Cardiff and Swansea, and we must be limited to the class of cargo and the kind of cargo, as well as the volume of cargo that is taken into those ports, and as far as the homeward voyages are concerned, we must be content with the kind of traffic that is offered or that they have to send to Canada, and as we are alone in that trade we get practically all of that traffic.

Q. The situation is, that you cannot speed up your cargo boats.—A. That is very true.

Q. If we take your figures as correct for the higher class of cargo ships, they make an average of 13 knots an hour on a 9-day voyage?—A. That is your figuring. I have not figured it out, I do not know how many knots an hour they go.

Q. You cannot speed up you cargo boats in any way that is going to enable you to get more of the high class cargo about which you speak, if it is available to you?—A. I would like you to bear this in mind too, that the fast passenger steamers are not operating in competition with my steamers to Cardiff and Swansea.

Q. I appreciate that. You are anxious to get the better paying cargo, I take it, if you can, both eastbound and westbound, if it is available and you can get it?—A. Just let me understand your point so that there will not be any confusion about it. What you have in mind is, if it were possible for us to give a service equal to that of the fast passenger services, the Canadian Government Merchant Marine might put steamers into London, Liverpool and Glasgow; is that it?

Q. I am talking about the situation as it exists to-day. You said yesterday, and confirmed it to-day, that one reason why you cannot get the better paying class of cargo is that your boats have not the requisite speed?—A. Yes.

Q. And in the second place you were going to ports in England which either do not demand or cannot supply to any considerable extent this variety of cargo?—A. Yes.

Q. And I say to you that you cannot speed up your boats so that you can offer any attraction to the shippers that would enable you to share in that higher class of cargo. Have you ever tride the scheme of reducing your rates?—A. I have not.

Q. You do not know what effect that would have in inducing the higher classes of cargo to ship from British ports to which you sail?—A. Well at the present time we are getting, as far as the ports of Cardiff and Swansea are concerned, the full volume of tonnage that is going eastward, and I think we are getting a very large part of that which is going west. It is a limited market, a limited situation.

Q. A lower rate even from Cardiff and Swansea would attract a higher class of cargo, even from Liverpool and London?—A. You may depend that the other lines would not lose very much time in meeting the competition.

Q. You have not tried that?—A. I have not.

[Mr. J. P. Doherty.]

*By Mr. Rinfret:*

Q. Mr. Doherty, you said yesterday that in a certain way you were performing a public service. If you did reduce the rates and got extra cargo from Cardiff to Canada, you say the other companies would also reduce their rates to meet your competition?—A. I would judge so.

Q. Wouldn't that be a public service also?—A. It might be public service to a few for the time being, but I do not know how long it would be a public service.

*By Mr. Halbert:*

Q. I have been given to understand that it is possible for the British manufacturer to ship goods to Antwerp and we ship them to Canada and do it cheaper; do you know anything about that?—A. I have not had that experience, with my steamers.

*By Mr. Montgomery, K.C.:*

Q. In carrying high class cargo, time is an important element, is it not?—A. The ships as a rule are very anxious to make as much time as possible on their deliveries, the best time possible.

Q. To get the goods on the market in the shortest possible time?—A. That is the tendency.

Q. That is why you say there is a tendency for that class of cargo to go via the fast Transatlantic lines?—A. Yes, that is the situation, as far as I remember.

Q. Then would rail transmission to Cardiff be likely to attract much other cargo, the diversion?—A. Well, distances in the United Kingdom are not so great perhaps as to cause that really to be a consideration, I mean where you are making a comparison as between the Bristol Channel and Liverpool.

Q. There is involved the time taken in transferring from the rail to the ship?—A. There is a transfer at either place.

Sir HENRY DRAYTON: All they think of in England is railway freight rates, which are very high.

*By Mr. Montgomery, K.C.:*

Q. Have you considered the element of railway freight rates, Mr. Doherty?—A. I beg your pardon?

Q. You have heard Sir Henry Drayton's observation, that freight rates are high in England?—A. I heard him say that.

Q. Among the high class cargo you refer to, would you include provisions?—A. Provisions are considered as among the better class of cargo.

Q. And that is a cargo which would be more likely to go by a passenger liner, rather than by a cargo boat of anything like the speed of your own?—A. I would say it will go in the fastest steamers that are available, as a rule.

Q. Does the same thing apply to cheese?—A. I would say, yes.

Q. And lard?—A. Yes.

Q. Canned goods?—A. Not particularly.

The CHAIRMAN: With the permission of the Committee, I would suggest that we get along to another witness, because it is a question of time.

Mr. DUFF: There are one or two questions I want to ask Mr. Doherty.

Sir HENRY DRAYTON: There are two things I asked for; perhaps they have them here to-day.

The CHAIRMAN: Mr. Duff has a question to ask, then I will see you, Sir Henry.

[Mr. J. P. Doherty.]



*By Mr. Duff:*

Q. Mr. Doherty, I asked you a question yesterday as to whether or not you considered it expedient to run steamers on the route between Canada and Europe, in view of the fact that they were losing money, and your reply was that you would have to ask "the Minister."—A. "The management," I said.

Q. I want to get that corrected then. I think in fairness to yourself that we would like to get that corrected.—A. I did not make any such statement. If it is in the record that I said "the Minister" the record should be corrected.

Q. You made the statement. Is it not the fact that during the last five years, both under the late Government and under this Government, that the Minister of Railways has never interfered with the management of the Canadian Government Merchant Marine?—A. I cannot speak for the management.

Q. As far as you are personally concerned?—A. I have no knowledge, Mr. Duff, of the Minister's dealings with our Management, whatsoever. My business is traffic.

Q. You can say that to your knowledge they have never interfered?—A. I have not any idea one way or the other, nor can I give you an answer, Yes or No.

Q. To your knowledge and belief you can say Yes or No.—A. I tell you I have no means of knowing.

Q. That is only evading the question.—A. I am not evading the question.

Q. But you made the statement yesterday that I should ask the Minister.—A. I said nothing about the Minister, Mr. Duff, and we should not argue; the record should be very clear.

Sir EUGENE Fiset: I know very well that the witness said that, that you should ask the Minister, but as I interpolated at that point he may have misunderstood.

The WITNESS: If I said "Minister" and I don't believe that I did, I will tell you now that it was a slip of the tongue.

Mr. DUFF: That is all right.

The WITNESS: But I am satisfied that I said "the management" and not "the Minister."

The CHAIRMAN: I remember the interpolation, and Mr. Doherty may have said what is suggested but if so I believe it was a slip of the tongue, because in answering all other questions of a cognate nature, the witness always said "that is a question for the management."

Mr. DUFF: That is just what I wanted to clear up.

The WITNESS: If I made a mistake, I appreciate that very much, Mr. Duff.

*By Sir Henry Drayton:*

Q. Mr. Doherty, yesterday I asked you if you could tell us what surplus would be necessary in order to carry the boats without loss to the country. Have you that?—A. As far as I have been able to go, Sir Henry, we have got to take into consideration five and a half per cent for interest charges on the capital; and four per cent for depreciation; and for these particular 8,000 ton type steamers, which we have been discussing, the charge for management and general overhead expenses would amount to approximately \$2,000 to \$2,500 per voyage.

Q. Is that outside of or including the interest and depreciation?—A. Which item do you refer to?

Q. The item you have just given us.—A. Of \$2,000 to \$2,500?

Q. Yes.—A. No, that is purely for management and overhead. Interest and depreciation are separate items.

[Mr. J. P. Doherty.]

Q. Interest and depreciation are separate items altogether?—A. Yes.

Q. Then there is another question. Last year in Committee we had up the matter of getting a cheaper rate, if possible, on chilled meats, so that the carcasses could be shipped, and the system was going to make a study of that. Has that been advanced enough to give us the information here?—A. I did not handle that particular situation in so far as the Committee of last year was concerned; it was not given into my charge to take care of.

The CHAIRMAN: Mr. Sinclair has a question, and unless it is very important, after Mr. Sinclair's question I will ask you to proceed to another witness.

*By Hon. Mr. Sinclair:*

Q. In reference to the information I asked for last week, have you got that yet? It was in regard to the routes.—A. The routes and number of steamers operating on each route?

Q. Yes.—A. Yes, I have it here.

Q. And the returns, whether profitable or not?—A. I have not got that, no.

Q. You can file what you have.—A. I can give you the number of steamers.

The CHAIRMAN: Perhaps you will state the number of steamers on each route, just briefly.

Hon. Mr. SINCLAIR: As they were in 1924.

The WITNESS: That is what I have.

Cardiff and Swansea.. . . .	4
London and Antwerp.. . . .	4
West Indies—freight.. . . .	4
West Indies—passenger.. . . .	2
Australia and New Zealand.. . . .	5
Newfoundland.. . . .	1
Intercoastal, Oriental Joint Services.. . . .	6
Great Lakes.. . . .	8
Pacific Coast and Oriental.. . . .	3
Pacific Coast and United Kingdom.. . . .	4
Pacific Coast and California Ports.. . . .	4

The CHAIRMAN: Now I am going to thank Mr. Doherty sincerely for the able way in which he has answered all the questions; and I am going to ask counsel who will be the next witness. We thank you very much, Mr. Doherty.

Mr. MONTGOMERY, K.C.: Just as a matter of information: in relation to the word "management." It is "management" in the record.

Mr. SYMINGTON, K.C.: Mr. Doherty's answer was, as to "management."

Mr. DUFF: In the minutes it is "management," but I thought you said "Minister," and one of the newspapers this morning has it "Minister."

The WITNESS: Well, the newspapers said other things about me this morning.

The CHAIRMAN: We thank you very much, Mr. Doherty.

Witness retired.

DAVID HOSIE called and sworn.

*By Mr. Montgomery, K.C.:*

Q. You might tell the Committee who you are, Mr. Hosie?—A. I am a director of the firm of Donaldson Brothers, Limited, whose offices are at 14 St. Vincent Place, Glasgow. My firm are managing owners of 19 steamships. They are also managers of the Donaldson Line, freight; managers of the Anchor-Donaldson Line, and these two concerns have to-day six cargo and four passenger steamers regularly engaged in the United Kingdom-Canadian trade.

[Mr. David Hosie.]



Q. How long have your firm been engaged in the United Kingdom-Canadian trade?—A. The Donaldson Line relations with Canada began as far back as 1870.

Q. You have been in this trade then, serving the Dominion, for over fifty years?—A. That is so.

Q. And continuously during that time?—A. That is so.

Q. At present you say you have how many boats engaged?—A. At present we have six cargo and four passenger and cargo steamers engaged in the Canadian trade.

Q. When did you go into the passenger business?—A. In the year 1905, our first passenger steamer was built and began trading between the Clyde and Canada.

Q. I understand your original boats were sailing ships, were they not?—A. Yes, but that is very far back.

Q. And then you went into steam cargo boats?—A. That is so.

Q. And incidentally you have been among the oldest of the carriers of cattle, have you not?—A. I should think we are.

Q. Now what services are you running as regards time?—A. At present, and for many years, we have sought to give a weekly service between Glasgow and Montreal. That has been continued and of recent years we have developed a further freight service between Avonmouth, in the Bristol Channel, and Canada; the ports on this side being Montreal in the summer months, and Halifax, St. John or Portland in the winter months. During the winter months the vessels do not sail so frequently as weekly, but possibly ten days to a fortnight according to the requirements of the trade.

Q. Will you briefly outline the character of the boats and how they have changed from time to time in reference to the requirements?—A. Well, Mr. Chairman, if I will be allowed to make explanation to try and convey to you something of the feeling and position of the British owner at the present time, and especially those of us who have been engaged in the Canadian trade.

We emerged from a very anxious and trying experience during the war years, when we lost seriously. When I say "we" I do not mean our own selves particularly; although we did, but the owners generally lost very seriously through the submarine menace. If this were a private sitting, I could give you some very interesting details in regard to the national position of shipping, but I am afraid I could not do it at the moment, in respect to the serious position in which the country was placed during that trying time.

It has been alleged that owners have made fabulous profits during those years. Well, that may be true in respect to one type of owner known generally as "the tramp," because he had no trade to safeguard in the sense that the liner had; and if he lost his ship and got a good price out of its proceeds, he could afford to put the money in War Loan, and await the time until prices came down and launch out into shipping again. Others again were fortunate in selling their tramp steamers to the liner owners at very handsome profits, or rather, prices. The liner owner, when he was faced with a loss, had to do his utmost to maintain his sailings, and naturally he either had to build or get something on the spot. Building in those days was not only costly but took a long time. One of our steamers, I may say, took five years to build during those trying years.

Well then, with the fleet substituted as far as possible, we carried on. The war came to an end, and then we came to that time when we thought we had reached a period of good earning years, but unfortunately the slump came, and in addition to which we had very keen competition with the American Shipping Board in our United States service, which caused us considerable anxiety. Thus we have come through '23 and '24—very trying years—and the ship-owner has

[Mr. David Hosie.]



been compelled to keep a very careful watch in order to keep afloat. I mention this, and I think, Mr. Chairman, from what the Committee has heard to-day and yesterday in respect to the management and trading of your own boats, there is a very keen and serious interest on behalf of the Committee in your own vessels, and I trust it will have created sympathy with the British owners who have had the same conditions to face and the same small earnings, out of which they have their heavy expenditure to meet.

*By Mr. Montgomery, K.C.:*

Q. Mr. Hosie, for the years 1923 and 1924—since they are the ones which have been particularly brought in question—have been profitable years for your company in the transatlantic service from Canada to the U.K. ports?—  
A. No, they have not been profitable.

Q. You have spoken of the boats that you had on this service. What are their names? If you have not that information handy, I will not ask you.

The CHAIRMAN: He has it here.

The WITNESS: I have it, sir. Our freight boats on the Canadian service are the "Concordia"—

*By Mr. Symington, K.C.:*

Q. Which line is this?—A. The Donaldson Line: The "Concordia," the "Gracia," the "Kastalia," the "Parthenia," the "Salacia" and the "Moyeria." Do you wish the passenger ships also?

*By Mr. Montgomery, K.C.:*

Q. If you like?—A. The passenger ships belonging to the Anchor-Donaldson Line are the "Saturnia," the "Cassandra," the "Athenia," and the "Letitia."

Q. I have spoken of 1923 and 1924, which you say have not been profitable years for your company in this trade. What about the prospects for 1925, the year we are now in?—A. Well, we have not gone very far into 1925, but I am just afraid it is not showing the needed improvement which we all anticipated. I might say that, after laying up one of our passenger ships for about a couple of months during the off-season—about the end of December until about the end of February or the beginning of March, when the normal season begins—we made inquiries of our people on this side as to the probable prospects and earnings if the vessel came again into commission, and although they could not give these with any certainty, they encouraged us to send the vessel. She sailed on the Canadian round, I think about the middle of March, or nearby, and I exceedingly regret to say that the earnings for the round voyage have turned out to be so much less than we anticipated, that she will show a serious loss.

*By the Chairman:*

Q. What boat was that?—A. Well, Mr. Chairman, I have a little hesitancy in giving particular and detailed information—

Q. That boat would be visible when it was in Montreal. We could find out what boat it was that came out on this trip.

Mr. MONTGOMERY, K.C.: He has a great many figures and so on, Mr. Chairman, for which I will not ask him to-day, because they will come out when we come to consider the accounts, and I understand that when these accounts are submitted, if there are any questions to be discussed—and I am sure there will be, and the accountant called—we will no doubt have a hearing in camera when these figures can be gone into, and then they can be absolved from any responsibility by the Home Office, which they may now feel.

Mr. SYMINGTON, K.C.: Mr. Chairman, you see the difficulty this sort of evidence puts you in. He says the voyage was not profitable. The minute he offers that to the Committee I consider I have the right to cross-examine him on that and ask him for his balance sheet. Surely a witness cannot come in and say to the Committee that such-and-such a thing is a result, and Counsel for the Committee be unable to question him upon that answer, because of the claim that it is confidential.

Mr. MONTGOMERY, K.C.: Now, Mr. Symington, the voyage statements of his company have been submitted for that very reason, and they will show the amount of profit or loss.

*By Mr. Montgomery, K.C.:*

Q. Have your voyage statements been deposited with the accountant?—  
A. Yes; I deposited them a few days ago.

Mr. SYMINGTON, K.C.: Quite true, and I have, from some of his material, a set of questions which I propose to ask him, and as a result I expect to get no answer, because my friend will say it is confidential.

Mr. DUFF: You must get your answer, either in camera or otherwise.

The CHAIRMAN: I will not press that question. I did not think the witness would have any objection to telling us what ship came to this country.

The WITNESS: I have no objection to telling the Committee, and our friend the Counsel, but I have a feeling that with the Press present, it would be broadcasted, and I think that would be objectionable to us.

The CHAIRMAN: If, in order to do justice to everybody, we have to have a hearing in camera, we will have it.

Mr. MONTGOMERY, K.C.: And I have no doubt that we will have a hearing in camera, because there are figures which my learned friend may question, or may want further particulars upon.

The CHAIRMAN: Mr. Montgomery, you will see the unfairness of having general allegations of operating losses go forward to the public without any cross-examination, to, perhaps, explain or even modify them.

Mr. STORK: That answer might be amended, Mr. Chairman, in this way; that when the question is asked if the trips were profitable, instead of saying "No," he could say, "Our record will show," because to send out his statement broadcast, and then refuse to be cross-examined, I think would be decidedly unfair.

Mr. MONTGOMERY, K.C.: I am quite willing to accept that statement. We want to "play the game" all the way through.

Mr. SYMINGTON, K.C.: That general statement goes out to the public, and is read by the public, and opinions are formed in people's minds, whereas in cross-examination, which is in camera, it may not stand up.

Mr. MONTGOMERY, K.C.: I am satisfied that it will.

Mr. SYMINGTON, K.C.: On the other hand, I am not; so there you are.

Hon. Mr. SINCLAIR: Mr. Montgomery, how about the cargoes? Are they full cargoes?

*By Mr. Montgomery, K.C.:*

Q. Can you tell us, Mr. Hosie, the percentage of cargoes which you carried as compared with capacity, both eastbound and westbound?

The CHAIRMAN: On that trip?

The WITNESS: The trip to which I referred?

Mr. MONTGOMERY, K.C.: Yes.

[Mr. David Hosie.]



The WITNESS: The voyage is just barely completed, and I have not the particulars. It is not long since the ship returned to her home port, and I have not the particulars.

Mr. MONTGOMERY, K.C.: Would you like the particulars for '23 and '24?

Hon. Mr. SINCLAIR: No, that is all right; I was thinking of that one voyage.

The WITNESS: I merely give that, as it was on my mind, as an indication of the present prospects for 1925.

*By Mr. Montgomery, K.C.:*

Q. You mentioned to me yesterday laying off a boat for the first time in 50 years: Is that the boat to which you referred?—A. No. I regret to say we fear the prospects this season are not going to be sufficiently encouraging to allow us to carry through our weekly service, which we have maintained for many years, and we have laid off one of our passenger ships at, what you might call the beginning of the season, and I can hardly recollect a summer season when we laid off a steamer of her description, except possibly last mid-summer, when things were so bad we were forced to lay off one of our ships for a voyage.

*By Mr. Duff:*

Q. Is that because the rates are too high, or because there is not sufficient business?—A. Both, I should say.

*By Mr. Montgomery, K.C.:*

Q. What I asked you, Mr. Hosie, before you gave us your answer, was as to the change in the character of boats. I understand you have had permanently-fitted boats as regards cattle, and boats that have been converted, and so on. If you will tell the Committee about the different classes of boats used for the trade, it might be of interest?—A. Well, I will indulge by referring more closely to my notes.

The CHAIRMAN: Do not do that. Indulge us all by answering the questions as directly as you can, because we will get on faster, and it is so much more interesting than having to listen to prepared statements, which are read. As a Scotchman, you will know the difference between a minister who reads his sermon and one who delivers it.

The WITNESS: Decidedly, sir. It is rather difficult just to butt into what I intended to say in a direct answer to Mr. Montgomery's question, but it was in my mind to refer to some of the facts in connection with the cattle situation. It will be within the memory of most here that the British Parliament prohibited the importation of Canadian store cattle in 1892—

The CHAIRMAN: We have a very lively memory of that, in this country, Mr. Hosie.

The WITNESS: —after which date animals from Canada when landed had to be slaughtered within ten days.

*By Mr. Montgomery, K.C.:*

Q. Has your line been engaged in the cattle trade prior to that time?—A. Yes. For many years.

Q. With boats specially built for that purpose?—A. That is so, and over a period of about nine to ten years the live stock trade was practically extinct as far as Glasgow was concerned; there might have been one or two odd shipments to Liverpool. The act of 1922 lifting the embargo came into force in April 1923, and since then there has been a decided improvement in the volume of live stock moving. In pre-war and earlier years our steamers were specially constructed and fitted for the carriage of live stock, but owing to

[Mr. David Hosie.]



the diminution and later the suspension of the cattle trade, as also to the havoc wrought by the Great War, many of the cattle vessels were lost or disposed of. Those now in the trade not only cost large sums to build but were costly to fit out, as also the cost of upkeep and operating to-day is much heavier than pre-war. Instead of comparing the rate of \$20 or £4/3/0 with the low rate of 30 shillings, which was an extremely low one, I think it would be more reasonable to compare this rate with that of 40 shillings to 45 shillings which was current during 1900 to 1904. I have had a list prepared of the rates charged during 1900 to 1912, and it averages nearer 40 shillings than 30; the exact figure works out about 36 shillings and ten pence. It was only for a short period in 1900 to 1910 that the rate was as low as 30 shillings. Against that, the cattle rate was as high as 47 shillings and 50 shillings, and I think the Reply issued by the Canadian Lines—I noticed one or two members of the committee with it—showed a maximum rate of 56 shillings. However, I am content with the 50 shillings. As I explained, from the years 1907 to 1911 the passenger steamers carried large numbers of cattle, and in those days the third class passenger fittings were movable, and on the eastbound passage those were removed and the space fitted with light stalls for cattle. This gave double earnings to the steamers; that is, passenger money westbound and live stock freight eastbound.

Q. What periods are you comparing?—A. 1900 to about 1912. No, 1907 to 1911.

Q. That is to say, at that time companies engaged in the cattle trade had their boats so arranged that cattle fittings were removable and third class passengers came over in the same space?—A. I should rather say the passenger fittings were removable.

Q. There has been a considerable difference in the arrangements, the relative arrangements as regards cattle and third class passengers, between those days and to-day.—A. Yes. The cattle fittings were of a light nature and were demolished, and usually destroyed at the end of each voyage, in those days.

Q. In any event, the result was that you got earnings both ways from the same space?—A. Yes, that is what I was coming to. The shipowner was in a position to offer his space cheaper. Nowadays this cannot be done, as third class passengers will not travel on steamers which carry cattle.

Mr. DUFF: I don't blame them.

*By the Chairman:*

Q. Even in the old days they could not travel in the same space on the same voyage?—A. No, sir; I am referring to Eastbound and Westbound.

The CHAIRMAN: Mr. Montgomery, have you a question to ask?

The WITNESS: Just in case that should be rather against us as a business proposition, I should like to say that we were not the only company in those days which carried passengers Westbound and cattle Eastbound, but the other companies in the trade did the same.

Mr. DUFF: That was good business, I would think.

*By Mr. Montgomery, K.C.:*

Q. That was the general condition of those days, as compared with to-day?—A. That is so.

Q. And in speaking of relative rates, that is one of the factors one has to bear in mind?—A. To-day?

Q. Yes.—A. Oh, yes. At least, it is a factor to bear in mind in the earnings of the ship.

*By the Chairman:*

Q. What did you say?—A. It is a factor to bear in mind in the earnings of the steamer.

[Mr. David Hosie.]

The CHAIRMAN: Now, Mr. Montgomery, we are ready for the next question.

Mr. MONTGOMERY, K.C.: I think the witness has something more to add.

The WITNESS: I was going to explain that the cattle were carried in two decks, but I think possibly that is superfluous after all the cross-questioning that has gone on previously. They were carried in the 'tween decks and on the upper deck, and in the case of a well-decked ship—I presume the committee is familiar with the term—the upper deck stalls are exposed, and must be much more strongly built. I understand that in the early nineties the under-deck stalls cost about \$3 to \$4 a head to fit, and well-deck stalls, in those early days, about \$7 to \$9 to fit. 1923 and 1924 and up to the present time under-deck stalls cost from \$7.50 to \$10 per head to fit, and the well-deck or exposed stalls from \$33 to \$37—I am speaking, of course, from our own experience of the latter period.

Q. Without going into the figures as to the comparative costs, which you are prepared to give, I understand?—A. Yes.

Q. What about the cattle business? You say the volume is developing. That is correct?—A. Yes, undoubtedly there is a greater demand. The demand began to improve during the latter part of 1924, I think it was, and I should say the demand is greater to-day than ever.

Q. Is the present rate situation one which is encouraging you, as an owner or as representing the owners, to cater to that trade and build or equip or convert other ships for it?—A. Well, from the experience of the last two years, from a financial point of view, if you consider that purely and simply, which I suppose is the main purpose we are in business for, without taking the view of trying to protect the goodwill and prestige of the service, one would say that there is nothing to encourage us to build fresh steamers.

Q. As regards the rate on cattle, the \$20 cattle rate, compared with other commodities, even low class commodities such as grain and flour, what have you to say?—A. The comparison of the live stock earnings to grain and flour?

Q. Yes.—A. Oh, I think—well, in fact I am fairly confident that has been brought out in the evidence of our own vessels; the grain and flour, where they are able to be stored in the same compartment as the cattle, will yield a higher percentage of earnings than live stock.

Q. You see, we are all interested; there has been considerable controversy in this country over the \$20 rate, and we would like to hear from you as to your point of view, as a British shipowner.—A. Well, there are several factors which one would require to mention. One I have already hinted at to-day, the heavy cost of the steamers, the initial cost of the steamers. Another is the heavy cost of fitting out the steamers. I have before me the costs of four of our vessels recently fitted—when I say recently I mean within the last two or three years—and the average works out about 87 shillings per stall. When I say "stall" I mean per head. I will not trouble you with the details, because you have possibly had enough details, but these can be furnished if wanted. Then, as I tried to explain, most of the vessels in former days were specially constructed. These have been lost, and between 1913 and 1921, the trade was practically non-existent, with the result that a new type of vessel was constructed, more after the nature of the big cargo carrier, with longer and wider hatches, additional winches, higher 'tween-decks, all to make a more broken deck space and thus considerably reducing the space available on the under-deck for the carriage of cattle. As an example of this, might I trouble you with a few figures comparing the *Laconia*, a very popular cattle carrier of 15 to 20 years ago with our *Parthenia* of the present day. She, of course, was built recently also. The dimensions of the *Laconia* were 401 feet by 49 feet; those of the *Parthenia*, 400 feet by 52 feet. They are very nearly the

[Mr. David Hosie.]



same size, with a little more beam in the Parthenia. The dead weight of the Laconia, 7,275 tons, the Parthenia, 7,850 tons. There you see the advantage of a modern ship versus an old one. 'Tween-decks space, 90,033 cubic feet in the Laconia, 115,711 cubic feet in the Parthenia. Height of 'tween-decks, Laconia, 7'6", Parthenia almost 8'. I think there is an inch less, 7'11", but make it 8 feet. Size of hatches, Laconia 14' x 14', 18' x 14', 10' x 14'. Parthenia, 26' x 16' x 30½' x 16', 28' x 16'. I might explain, in case someone should think that we have a ship not fitted and suited for this trade, that that is considered a very suitable size of hatch for the Canadian trade, and when you compare it with the standard steamer—I presume you all know that the standard steamer is a steamer built on the standard principle during the war by the Shipping Controller—their hatches are very much larger than those of the Parthenia. I think they run about 26 feet in breadth, although I am not certain on that point. Number of cattle in 'tween-decks, in the Laconia 352, Parthenia 300. Number of cubic feet per head, Laconia 255.7, Parthenia 385.7, showing 130 extra cubic feet per bullock on the Parthenia as against the Laconia, which is equal to a 50 per cent increase in space per bullock in the 'tween-decks of the Parthenia. This loss of space applies to much the same extent in the case of modern vessels specially built for the Canadian trade, as with the necessity of higher 'tween-decks, larger hatches, more winches, and other improvements necessary under classification regulations, she cannot carry as many cattle as a ship of 15 to 20 years ago. All these features have a bearing on the rate on cattle, but possibly the fairest test is as to the reasonableness or even cheapness of the \$20 rate, as compared with the earnings which would be made if the space were used for cargo instead of cattle. I worked out several examples. Take the case of the Parthenia. At present she carries 378 cattle in under-deck space, equal to 129,460 cubic feet. Add space for fodder stowed in the lower holds, 12,000 feet. Then in the Parthenia we have removed a quantity of cargo coal in the side bunkers under the bridge space to make more room for the cattle there, and have transferred that coal to one of the lower holds, what we call the "deep tank," so we have to include there 8,000 cubic feet of space which would be lost.

Mr. SYMINGTON, K.C.: Can we not put this in as an Exhibit and save all these details?

*By Mr. Montgomery, K.C.:*

Q. If you can shorten it, Mr. Hosie, without giving the particulars, and give us the results,—the committee have had a great many particulars about these comparisons, and I would like to know in the first place as to how the carriage of cattle compares with the carriage of general cargo, both as to the reasonableness of the rate from a comparative point of view, and then as to its profitableness in the last two seasons.—A. Very good.

Q. You can probably give a general answer from that.—A. I am just coming to that point now. Live stock earnings, for 378 cattle are \$76.64; that divided into the space available for cargo under-deck of 2,491 is \$3.03 per space of 60 cubic feet. Compare this with grain, 2/9 for grain, shows \$3.82 per space of 60 cubic feet; flour, at 22 cents shows \$4.93 per space of 60 cubic feet; and if the average of grain, flour and general cargo over last season is taken, it yielded us 23/9 of 50 cubic feet. If we take that comparison it shows \$6.80 per space of 60 cubic feet; or even if you compare the freight earnings of the two decks, cattle, that is on deck and under-deck, we have a comparison as follows; 516 cattle, \$20, \$10,320. Cargo space, allowing nothing for well deck space where deals or other deck cargo could be stored, shows 2,541 tons divided into live stock on two decks, an average of \$4.06 per 60 cubic feet, which rate is better than grain at 2/9 but still lower than flour or

[Mr. David Hosie.]



the combined average of grain, flour and general. It should be noted that 'tween deck space, occupied by cattle, is the best paying space of the steamer, as it is here the higher rated commodities are stored in their season; meat, apples, eggs, cheese, all of which would yield very much higher freight earnings than grain, flour or the combinations referred to. Other vessels worked out on the same basis in respect to 'tween decks, cattle over cargo show "The Concordia," \$3.23 per 60 cubic feet.

The CHAIRMAN: Do you think it is necessary to go into all these different comparisons?

The WITNESS: I am just finishing. "The Kastalia," \$2.33; "Salacia," which is just being fitted, \$3.10 per 60 cubic feet, all of which are lower than the equivalent of grain.

Mr. MONTGOMERY, K.C.: You must realize, Mr. Chairman, that this witness has come a long way. It is their whole life and they are threatened to be put out of it.

Sir HENRY DRAYTON: Let him go ahead.

Mr. MONTGOMERY, K.C.: They are the founders of this trade so far as Canadian interests are concerned. They have been in it all their lives.

The CHAIRMAN: I am sure that neither the witness nor the counsel think we are unduly interfering.

The WITNESS: In those figures quoted no allowance has been made for the expense in connection with the cattle. I will not trouble you with details. We estimate, in the case of the Parthenia, that for those two deck loads of cattle, 517 cattle, we would require to expend about £802. £802 are the charges of the voyage.

*By Mr. Symington, K.C.:*

Q. How many cattle?—A. 517. In addition to that we would have a deviation either from Glasgow or Liverpool, to which ever port we should take the cattle, to our final port of discharge, where we cannot get a cargo, in the ports which are selected—cattle always would be there; from £400 to £500 extra are deviation charges. That I think has been referred to in the statement before you in connection with your own vessels.

*By Mr. Montgomery, K.C.:*

Q. What has been the condition of freights, Mr. Hosie, in the past few years and the prospects as regards the present year?—A. During the past two years they have been very perplexing and very serious. When we came to the end of the year 1923 we were faced with a loss in our Canadian trading and in 1924 we had a small profit.

Mr. SYMINGTON, K.C.: I am objecting.

Mr. MONTGOMERY, K.C.: Just a second. You want to object?

Mr. SYMINGTON, K.C.: This is broadcasted around through the newspapers. The objection I make is that these statements are going to be announced and will create an impression, when I am not satisfied that they are correct and have no chance of so proving.

Mr. MONTGOMERY, K.C.: If you wish to hold a meeting in camera I am prepared to go into it now.

Mr. SYMINGTON, K.C.: I am submitting to you to-night what the auditor requires from these people and what his views on the subject are.

The CHAIRMAN: I think Mr. Montgomery realizes how unfair it would be to allow statements of losses to go offhand to the public without an opportunity of having the cross examination of these facts go forward to the public.

[Mr. David Hosie.]

Mr. MONTGOMERY, K.C.: Where does it leave us with regard to making proof? I realize it is an inquiry where we have to allow a certain amount of give and take but you must appreciate too how difficult it is to make evidence as to whether the rate is profitable or an unprofitable one or as to whether the shipowners have been making such gross and unusual profits as would justify an appearance without saying so. I am perfectly prepared, if it is the desire of the Committee and it is considered at all unfair that the general statement should be made, that the arrangement should stand, as the voyage accounts have been filed. Does my learned friend question that?

Mr. SYMINGTON, K.C.: Yes, very distinctly.

Mr. MONTGOMERY, K.C.: That the Donaldson Line have not furnished statements?

Mr. SYMINGTON, K.C.: Yes. I might say the first statement the auditor is asking for is a statement showing gross income per voyage, also expenses actually controllable by especially setting forth the total operations and an estimate of the expense of the overhead, brokerage or commission.

*By Mr. Montgomery, K.C.:*

Q. What is it you have submitted to the auditors?—A. I think I have submitted all the information that is asked for there. I would like to ask Mr. Scott as to what is meant by it. I think he could gather all the information from our returns.

Q. My learned friend suggests that you have not submitted your voyage statements?—A. I might explain that I only got four days' notice to come here and naturally had very little time to gather particulars. We prepare for our management a vitimus, showing the various expense—

*By the Chairman:*

Q. I did not catch that word?—A. A vitimus. What we call a vitimus.

Q. Explain what that is?—A. A small statement; not exactly a small statement; a statement of the expenses and earnings of the steamer, under the earnings grouping.

Q. Is that a Scotch legal term?—A. No it is a Latin term.

The CHAIRMAN: Is it familiar to you, Mr. Montgomery?

— Mr. MONTGOMERY, K.C.: I never heard of it.

The CHAIRMAN: The three of us are lawyers and we have never heard of it. It must be a Scotch legal term.

The WITNESS: It may be. These, as I explained, are prepared for our management and I just simply threw the bulk of them into my trunk in coming away.

Sir EUGENE Fiset: It means the essence of the statement he is preparing, the details of the statement he is preparing for your information.

The WITNESS: I have handed these statements over to our friend Mr. Scott, and I think you will see from them that they were not even prepared for this inquiry and that you are getting very private information, which only comes before our directors; on that account I am rather jealous that these particulars should be kept strictly confidential and I have the assurance of the Committee and the various professional gentlemen handling them that they will be treated in that spirit. I would be delighted to show them to the Committee but I would specially request a private hearing for that occasion.

Mr. SYMINGTON, K.C.: I would suggest, that as to whether anything is profitable or not, we should have a private hearing. They are seeking privacy.

[Mr. David Hosie.]

Mr. RINFRET: It is now half past five and I know some of the gentlemen want to take the train at 6.00 o'clock and as there seems to be some different conceptions as to the manner in which this evidence should be taken, you might adjourn and have a longer sitting next week. That is my suggestion.

The CHAIRMAN: What do you think of that? Is there any other witness we could go on with, Mr. Symington?

Mr. SYMINGTON, K.C.: I think my learned friend is through after this witness.

The CHAIRMAN: Are there any other points that we could go on with? Of course, I can see the difficulty we are in and I must say I see Mr. Symington's point too, which I must say I concur in.

Mr. MONTGOMERY, K.C.: We are getting very generous statements that have been made and that are going broadcast.

Mr. FLINTOFF: Surely we are to be allowed the same latitude that has been exercised against us.

Mr. SYMINGTON, K.C.: Your reply has been broadcast.

The CHAIRMAN: I really think—and I speak without having consulted the members of my Committee—that we will get on faster at a private hearing where there would be no objections to questions.

Mr. MONTGOMERY, K.C.: I agree to that.

The CHAIRMAN: How about Tuesday morning? I would like to have more than one sitting a day next week. We must hasten matters.

Mr. SYMINGTON, K.C.: When my learned friend gets through, the evidence will be from people outside Ottawa.

Mr. MONTGOMERY, K.C.: I understood you were going to put on Mr.—What is his name?

Mr. SYMINGTON, K.C.: I am not putting on anybody but I am explaining to the Committee that next week evidence will be from people out of the city brought here or coming at some expense; and therefore, so far as possible, if the Committee can see its way clear to sit and get through next week, because these people will be sent here from probably as far West as Winnipeg and as far East as the Maritimes, I would ask that the Committee will sit twice a day.

The CHAIRMAN: Counsel is at one with the Chairman in the desire to hasten matters and have more than one sitting a day. Could we have a sitting on Monday morning?

Mr. MONTGOMERY, K.C.: Monday is the only day we have in the office and we are in awful shape.

Mr. SHAW: I understand this gentleman has come from Glasgow.

The CHAIRMAN: Of course the witness will be glad to get through as quickly as possible.

WITNESS: I certainly will.

Mr. SHAW: I presume we will easily finish with this witness next week and let him go away.

Mr. MONTGOMERY, K.C.: He will have to be here for these other witnesses.

Mr. SYMINGTON, K.C.: Perhaps these documents I am now handing to my learned friend from Mr. Scott will keep him busy over the week-end.

Mr. MONTGOMERY, K.C.: I hope not.

Mr. SYMINGTON, K.C.: These are documents the auditor asked me to hand to him. I have no doubt the answers to many of them will require a private hearing.



The CHAIRMAN: What about meeting in the afternoon and in the morning?

Sir EUGENE Fiset: Give us a chance in the morning, Mr. Chairman.

Sir HENRY DRAYTON: I do not mind working all the time, Mr. Chairman, but I am in the same position as some others, namely, that we cannot be in two places at once. We are supposed to be looking after a special Committee on Railways as well. We are not to blame for the manner in which the business is being subdivided this year, but it is quite impossible to be in two places at a time. I am willing to sit all the time, morning, noon and night, so long as we do not have a conflict between this Committee and another Committee which is dealing with somewhat the same subject.

The CHAIRMAN: If we are going to sit twice a day, if we sit from half past three until six o'clock, then resume at eight and sit until ten o'clock or half past ten, we will get as much work done as we can attend to.

This Committee will therefore stand adjourned until half past three o'clock Tuesday afternoon next.

The witness retired.

The Committee adjourned.

## MINUTES OF EVIDENCE

COMMITTEE ROOM No. 277,  
HOUSE OF COMMONS,  
TUESDAY, May 12, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have our quorum and the Committee will please come to order. Mr. Montgomery, have you any questions you wish to put to Mr. Hosie?

Mr. MONTGOMERY, K.C.: I understood his examination was to be suspended for the time being. I think the only question was that Mr. Hosie was somewhat worried by a statement in the paper that he had made a small profit in 1923, but the details of that will be brought out at the private hearing.

Mr. SYMINGTON, K.C.: Have my friends got any material for us to-day?

Mr. MONTGOMERY, K.C.: Mr. Hosie just draws my attention to another matter. On page 467 of this evidence, where he is asked by Mr. Duff, "Is it because the rates are too high or because there is not sufficient business?" and he says that he understood Mr. Duff's question to be "too low;" the answer was, "Both, I should say," and it is reported as being "Too high."

Mr. SYMINGTON, K.C.: Has my friend any material—White Star or otherwise—to hand over to us?

Mr. MONTGOMERY, K.C.: Major Currie tells me he has received the White Star's, and has turned them over to Mr. Young to turn over to Mr. Scott. Mr. Young seems to be the liaison officer, in that transaction.

Mr. SYMINGTON, K.C.: How about the request made for the other lines?

Mr. MONTGOMERY, K.C.: I looked over one set of questionnaires yesterday, and the great part of it is material which constitutes a memorandum for the instruction of counsel, and those are matters of detail in connection with management which, if answered, might call for a criticism from the management. However, they are matters upon which this witness can be examined by my friend in the hearing which it is proposed to have in camera. They are not matters that affect the figures in Mr. Scott's accounts at all. My suggestion is that they should be taken by the Committee and be disposed of, and if, after hearing the explanations, it is the judgment of the Committee that anything further is required, the matter can be taken up then. I do not think it is wise to put those matters in writing for the accountant, nor can I see how it affects the compilation of the figures which Mr. Scott is making. I understand he draws attention to a number of items which he thinks might be open to question, but they are matters for cross-examination, and not matters which go into the compilation of the figures.

Mr. SYMINGTON, K.C.: These demands were prepared by Mr. Scott. I know nothing about them. I think the first requisition, for instance, in every one, is this:

"Will you please produce a statement showing the gross income per voyage from freight, with other receipts separated, also expenses actually controllable by Master of the ship, setting forth the details of these disbursements, and before apportioning any estimated expenses, management or general office, overhead, brokerage or other commissions."

It says, "Please produce." That is what the auditor is asking for. It is my understanding these are what we understand as "voyage sheets." I am not asking to have them produced here, but this Committee will recognize that time is getting on and unless we get these things, our accountant will not be able to do what he wants to for this Committee. It seems to me we must soon come to a decision. We have been after these voyage sheets since the first day of the Committee, and apparently we are no further ahead. If they cannot furnish these, they cannot, but I think we should know.

Mr. MONTGOMERY, K.C.: My learned friend and the accountant have every bit of material we have here. Now, they want sub-analyses of different things. If they are desired by the Committee and are found to be necessary, it is material which will have to come from the other side. Mr. Hosie, the only witness from the other side so far examined, said that he brought out a summary of the actual voyages, and if anything further is required, it will have to come from the other side. The Committee may, after hearing the witnesses who are present, upon their accounts, decide it will be necessary to send Mr. Scott over there to get details and separations of different items, but I do not think that will be necessary.

Mr. DUFF: Your argument is they have the voyage sheets, but not the details?

Mr. MONTGOMERY, K.C.: I do not know whether you have had the opportunity of seeing any of them, Mr. Duff. Mr. Hosie's were about the only ones I saw, and they are just about as they kept them for themselves. Mr. Hosie explained to me that the only other sheets in existence, or which ever were in existence, are in great big books—he showed me the size of them—larger than this table, from which the information can be obtained, but it would have to be made up. These are the only sheets gotten out as voyage sheets. The suggestion has been made by my learned friend that these are special statements prepared for this Committee. I have not seen them all, and I am only speaking of the ones I have seen, but my instructions are that these are the actual voyage sheets as they prepare them. For the other things, we would have to go back to these very large books on the other side. They can be prepared. I would like to make the suggestion that Mr. Scott should first compile the result of the figures which he has, and we could have a hearing in camera just as soon as that work is done, and if there are items which to you seem to require further explanation, after hearing the witnesses upon them, or you are not satisfied with the explanations given, there will be one of two courses open, either my learned friend can criticize certain of the items as being too high, or the Committee can decide whether it wishes to take the time and go to the expense of getting these details from the other side, which is the only place from which they can be procured. If you go down the thing, that one of the management agreements, of the details as to the intercorporate relations and a whole variety of stuff between the management of these several companies all of which, when the time comes, I will suggest that this is not an inquisition and that they have not had fairly the questions as to whether or not these steamships are charging such excessive rates as called for action on the part of the Government, and the form of action that is required and that you need for that purpose. It is not a question, in your opinion, whether one item should be higher or lower. My learned friend said the other day they wanted to know what kind of boats, what type of boats paid best, what kind of cargo pays best and so on. I think if you were sitting on the other side, assuming the responsibility of administering one of these steamship companies and considering the position of Canada—I am not concerned with parties—that Canada herself was operating competing lines, that she was proposing to subsidize another competing line, you would feel it would be hardly fair to give all the information necessary to determine what type of ship was the



best paying ship, what kind of cargo, how to make up your cargo to get the best results and so on; so I do not think the intention of this Committee is to ever require anything of that kind. I quite appreciate you were very much interested in finding out in a general way whether the operations of these steamships exhibited rates of freights which were excessive and which required some control, but I never understood that you proposed to ask for information of that kind. Instead of discussing these things generally my submission is that it would be very much better to have these figures, which are the only figures on this side compiled and we could have our meeting in camera and could discuss this matter much more intelligently than we can in a general way.

Mr. DUFF: Do I understand you have not seen these?

Mr. SYMINGTON, K.C.: I have seen them, yes. What we want is what is ordinarily known as a voyage sheet. These other things are explanations which he is putting to them, showing to them wherein he does not think their accounts show full details. He has asked for a statement showing the gross income per voyage, from freight, with other receipts separated, also expenses actually controllable by the master of the ship. By way of explanation he does not want anything apportioning any estimated expenses, management or general office, overhead, brokerage or other commissions. You have so much; you pay so much for wages; for unloading. Let us see the picture and we will deal with overhead and depreciation afterwards. My learned friend says "let him deal with Mr. Young's statement." I can only say to this Committee that Mr. Scott informs me that Mr. Young's statement, in his judgment, in no way paints the picture of the North Atlantic trade and cannot be relied upon for information at all as showing the conditions of carriage. May I point out that their answer throughout this investigation has been that the rates are not unduly high "because we do not make money." The information with respect to whether they make money or not is in their possession; it is not in ours. The very first day of this investigation we made it very clear that we wanted voyage accounts and voyage accounts which showed rates and disbursements, not combered by brokerage, commissions, management expenses, sundries, etc., which go toward getting the business—internal management, arrangements between owners and operators, where the operators are not the owners and that sort of thing. We have to get the actual receipts, the actual disbursements controllable by the master of the ship and then we can tell whether it is a remunerative traffic or not.

Mr. DUFF: You have to add the proportion to the other—

Mr. SYMINGTON, K.C.: Quite true, but we want to see how they are added and where they come from.

Sir HENRY DRAYTON: Would it not save a lot of time if we discussed that at our meeting when we are going over the evidence? I think we had better have this meeting in camera which we have arranged to have at an early date and settle these things. We have to see the papers ourselves. It is the Committee's responsibility and we cannot side-step it.

Hon. Mr. SINCLAIR: We had the statement of the accountant given to us by Mr. Symington. We will take the accountant in open meeting. That is why we got the accountant.

Sir HENRY DRAYTON: We will have to go into the books. I do not see how we can get on at present.

Mr. SYMINGTON, K.C.: The accountant says it will not produce a picture which will paint an actual condition of the North Atlantic situation.

Mr. MONTGOMERY, K.C.: Mr. Hosie is asked the same thing, "Expenses actually controllable by the master of the ship, setting forth the details of

these disbursements and before apportioning any estimated expenses, management or general office, overhead, brokerage or other commissions."

Sir HENRY DRAYTON: We are not getting anywhere by having contradictions one with the other now. We are only wasting time.

Mr. SHAW: Why not call Mr. Scott to-night?

Mr. SYMINGTON, K.C.: Mr. Scott is down going over the Merchant Marine office to-day and I do not think he could be here to-night. If the other lines give us the information the Merchant Marine, in their forms, gave us, we have no other requisitions. The results of the Merchant Marine investigation are perfectly clear and satisfactory so far as giving information is concerned.

Mr. MONTGOMERY, K.C.: As regards one of the lines, the Canadian Pacific, I think after Mr. Scott has looked through these accounts he will have secured the fullest information.

Mr. SYMINGTON, K.C.: I put in no requisitions on the C.P.R.

Mr. MONTGOMERY, K.C.: My statement is that after Mr. Scott has gone over the C.P.R. books he will find a great deal of the information he wants and will be able to judge upon what other points he will require information and he will be able to see whether such items are out of line or not. Otherwise if he wants to examine all the managerial agreements on the other side it cannot be done here. Except possibly the C.P.R. he has been over everything that is accessible there.

Mr. DUFF: That is as to the voyage sheets?

Mr. MONTGOMERY, K.C.: If you could have one of them it could show us much better what we are talking about.

The CHAIRMAN: I wonder if Mr. Scott could not get up here by nine o'clock to-night. If he could get the 5.00 o'clock train he could be here at half past eight. We might have a meeting of the Committee at 9.00 o'clock and we might have that meeting in camera and Mr. Scott might convince the Committee of the matters on which he requires further information; then we would settle the matter once and for all and the lines will tell us whether they will or will not give us that information.

Mr. MONTGOMERY, K.C.: I think it will be of assistance to the Committee in forming a conclusion upon it if the representatives who are here could be asked these questions to show what information they had and it could be obtained and no delay will be entailed in getting it or any form of better information. As to whether or not they required all that, my own opinion is that a great many of these things will be eliminated after Mr. Scott has gone through them.

Mr. SYMINGTON, K.C.: We have to go through these accounts. I do not care what Mr. Hosie or anybody else says. The voyage accounts from which you can get that information are not here. If any member of the Committee will come up to room 663 they will have no difficulty in seeing wherein the difficulty lies. I have only made a demand for voyage sheets; we have not got them; so I am simply stating that that is what we want produced, otherwise Mr. Scott will not be able to present to the Committee what he considers a correct statement of the North Atlantic traffic.

Mr. DUFF: I thought it was understood that the agent of the steamship companies were going to see Mr. Scott and see what he wanted.

Mr. SYMINGTON, K.C.: I hurried to get these out on Friday, hoping they would be delivered to-day. Mr. Scott went down to Montreal with you all. These were delivered the last thing Friday night. The voyage accounts are not here for all the companies. Some have voyage accounts and some have not voyage accounts. Some have abstracts, showing what the results were.



Hon. Mr. McMURRAY: Do you say that some of these have not kept voyage accounts at all?

Mr. MONTGOMERY, K.C.: No, I did not make any such statement.

Hon. Mr. McMURRAY: Where are they?

Mr. MONTGOMERY, K.C.: On the other side of the water. Anything that is here, like the C.P.R. accounts, have been fully thrown open to him and anything that they have over here is available to him but, we cannot physically produce stuff that we have not got.

Mr. SYMINGTON, K.C.: At any rate the answer made is that the voyage sheets, in the sense in which the auditor asks, are not in your possession and you cannot furnish them?

Mr. MONTGOMERY, K.C.: The only ones I saw were those that Mr. Hosie had and they looked like voyage sheets, but I do not profess to be an expert in those matters. There are others on this Committee who can judge that better than I can. All I can state is that my learned friend is welcome to everything we have and if more is to be obtained they can be obtained from the other side.

Mr. DUFF: You are quite satisfied to produce them?

Mr. MONTGOMERY, K.C.: All that we can do is to ask. Undoubtedly you will find different lines taking different views over there as to what it is they wish to put forward and table in public over there. Their conference agreements do not extend to points where they would be all agreed on what matters they would wish to place publicly on record, and we could not accept responsibility for that.

Mr. SYMINGTON, K.C.: So long as they understand that their own rates are reasonable and they have not shown it—

Mr. MONTGOMERY, K.C.: There has not been a statement that has been presented to the accountants that not only has been certified to by their own auditors as being correct but which have been personally checked and certified by Price, Waterhouse and Company. If my learned friend wishes to ignore and take no account of the certificate of a firm of International repute like that, I will not seek to convince him, but I do not think that people who are familiar with the reputation of these firms will so lightly disregard the certificates they give.

The CHAIRMAN: There is no question about the correctness of the certificate of these firms. To my mind, the whole idea is to find out whether the business is profitable or not and it must be based on the voyage and what it costs them to carry goods.

Mr. MONTGOMERY, K.C.: I think you will find it voyage by voyage, because a certificate has been given showing they have been gone over and checked by Price, Waterhouse and Company and rechecked where they were not the actual auditors of the Company concerned.

Mr. SYMINGTON, K.C.: Produce just what I am asking for now, and my learned friend need not worry about my view of his certificate or anything.

Sir HENRY DRAYTON: Cannot we stop this? Cannot we go ahead on something else in an ordinary way? Mr. Shaw has suggested that we can get to the bottom of things easily when we have the accountant before us and the books before us. I think we had better proceed with another line, hoping that we will clean up the situation when the auditor comes. The suggestion I would like to make would be to have him compile the certificates which he has, and verify the matters he has not been able to arrive at.

Mr. SHAW: It seems to me the suggestion which has been made is the only logical thing. We must have the auditor here. There is a dispute as to



whether or not the records already furnished are adequate. He claims they are not. We must find out whether they are adequate, and what further information we want, and the Committee will be able to make exactly the requisite order. I would suggest that in view of the fact that we require this information we should seek to have Mr. Scott here, if possible to-morrow, and the Committee can make whatever order is necessary.

The CHAIRMAN: It was drawn to my attention that he had a very heavy day's work on hand and that he cannot be here to-day. I understand, Mr. Montgomery, that you will have some further evidence to bring out by Mr. Hosie in camera.

Mr. MONTGOMERY, K.C.: Yes, Mr. Chairman. I understand that, but the others will be examined upon the details.

Mr. SYMINGTON, K.C.: My learned friend has some further evidence and some further information to bring out as to third class passenger rates, steerage rates, and so on, also the gentleman who prepared the reply has stated that he would be here; in fact, looking through the record, there are a lot of things they intend to do, but I do not know whether they intend to do them all or not. In fact they are not considered to have closed their case as yet.

The CHAIRMAN: That is the understanding.

Mr. FLINTOFT: As far as the gentleman who prepared the reply is concerned, there may be some questions that have not been covered, but that those who have actually dictated the reply will be able to cover. I would think that, generally speaking, those who are here are able to cover the ground without calling any more officials. I do not know if my learned friend Mr. Symington has any particular line of information he wants to get at; if he will tell us what he wants to know, for instance, who signed the reply, we will be glad to furnish the information.

Mr. SYMINGTON, K.C.: I am only making it clear to my learned friends that they wanted to call other people. I do not care, it is still open to them, they are not closed at present.

The CHAIRMAN: If we were proceeding before a court, it would not be held that one party had closed his case.

Mr. FLINTOFT: No, sir, that is so.

Mr. DUFF: Mr. Cleminson spoke about some evidence Mr. Cairns was to give. Is Mr. Cairns going to come on later?

Mr. MONTGOMERY, K.C.: Mr. Cairns is here; he does not want to duplicate anything, but he is here in attendance and will be available.

W. T. R. PRESTON, called and sworn.

*By the Chairman:*

Q. Your full name, Mr. Preston?—A. William T. R. Preston.

Q. You are of full age?—A. Full age. Before Mr. Symington asks a question, Mr. Chairman, perhaps you will permit me to say one word, in view of the adverse criticisms regarding myself in other places, things that have been said overseas, and others since the Government made the announcement that I was appointed to look into the North Atlantic Shipping Conference, and of the whispering also that is going on here now, I want to say to the Committee that in the forty-seven years I have been in public life in this country I have not been guilty of a single act in any part of my conduct inconsistent with the highest principles of honour and integrity, and I have no desire whatever that anything shall be kept back from this Committee in regard to any question any member of the Committee may wish to ask.

[Mr. William T. R. Preston.]

Sir HENRY DRAYTON: I hope this speech is not made for political effect. You had better forget all the things that are said to have taken place. There is no good going over them now.

WITNESS: Certainly not.

*By Mr. Symington, K.C.:*

Q. As I understand your statement, you are not adverse to anybody asking you any questions whatsoever?—A. Certainly.

Q. Mr. Preston, how long have you been connected with ocean shipping matters?—A. 25 or 27 years.

Q. In the year 1913 Sir Henry Drayton made an investigation into the matter; were you associated with him in that?—A. Well, I had some personal associations with him, not official.

Sir HENRY DRAYTON: I asked Mr. Preston to get some information for me; he could not get it. I don't know whether it was his fault or not.

*By Mr. Symington, K.C.:*

Q. You got some information for Sir Henry in respect of that matter?—A. I did.

Q. You made certain investigations in connection with a report which you made on December 31st, 1924?—A. I did.

Q. How long were you engaged in those investigations?—A. From early in February.

*By the Chairman:*

Q. Of what year?—A. 1924, until I think some time in October of the same year, and the report was made finally shortly after, on the 31st of December.

Q. Were your investigations conducted in Canada alone?—A. No, overseas.

Q. I produce to you, Mr. Preston, a report (shows to witness); is this the report you made to the Minister?—A. It is.

Q. In French and English?—A. I can speak for the English.

Mr. SYMINGTON, K.C.: Mr. Chairman, I will file one copy in English and one in French. It is a report re North Atlantic Steamship Combine, by W. T. R. Preston, dated December 31st, 1924, printed by order of Parliament.

*Exhibit No. 68:* Sessional Paper No. 45, Report re N. A. Steamship Combine, by W. T. R. Preston, Dec. 31, 1924.

*By Mr. Symington, K.C.:*

Q. Now, Mr. Preston, with respect to this report, exhibit No. 68, are the facts therein stated by you true, to the best of your knowledge and belief?—

A. They are. Perhaps I might be pardoned for making a reference to the first and second passenger fares, along towards the end of the book. Those were the figures given to me. I think they are probably a little greater than the actual figures are, but it was an error, if any, on the right side.

Q. That is on page 23?—A. On page 23.

Q. In discussing passenger and emigrants' fares?—A. Not emigrants, passengers.

Q. The heading says "Passenger and Emigrants' Fares?"—A. Yes.

Q. Where you say,

"The pre-conference fares were:—

Saloon (1st Class), \$90 to \$100."

Do you want to make a change in that?—A. I have been told since that they were from \$70 to \$100.

[Mr. William T. R. Preston.]

Q. "Cabin (2nd Class), \$45."—A. That is said to be \$40.

Q. Those were pre-conference fares?—A. Yes.

Q. You really gave the pre-conference fares as higher than you now think they were in fact?—A. Yes.

The CHAIRMAN: The discrepancy was greater than it appears.

Mr. SYMINGTON, K.C.: Yes, sir, greater than it appears.

*By Mr. Symington, K.C.:*

Q. Is there any other correction, Mr. Preston, you desire to make in this report?—A. No. That information was according to what I had at my disposal then.

Q. Are the comments and conclusions therein justified, according to the best of your judgment, belief and information?—A. I think they are.

Q. I am not going to take you through this report, because I think it has been widely read. I have summarized a few of your conclusions, and I want to see if you agree with those conclusions:—(1) That there is a combine controlled outside Canada that controls ocean rates to and from Canada.—A. That is correct.

Q. (2) That the control by the combine is a serious obstacle to the development of the foreign trade of Canada.—A. That is my opinion.

Q. (3) That the great mass of the Canadian population have a common interest in the early solution of this problem.—A. Yes.

Q. (4) That the emigration movement vital to Canada is seriously affected by the extra large increase in emigrant rates, namely, from \$17 to \$84?—A. Yes.

Q. (5) That over a series of years and in spite of previous efforts no solution of this serious situation has been found?—A. Correct.

Q. (6) That to meet the situation some strong competition must be secured to free the Canadian people from the monopoly of the North Atlantic Steamship Combine?—A. That is my opinion.

Q. (7) That the North Atlantic Combine is an obvious menace to the natural development of the export trade of the country and a serious deterrent to the prosperity and welfare of the Dominion?—A. I believe so.

Q. And within this report exhibit No. 68 are some of the results of your investigations, which lead you to these conclusions?—A. Quite so.

Q. Are you prepared to make these statements now, as you are under oath?—A. Quite so.

Mr. SYMINGTON, K.C.: Take the witness.

*By Mr. Montgomery, K.C.:*

Q. You have told us, Mr. Preston, that you were engaged upon this report from early in February until some time in October, 1924?—A. Yes.

Q. Under whose instructions, or under what instructions?—A. The Minister of Trade and Commerce.

Q. Reference is made in the early part of the report, in the opening sentence, to an Order in Council. It might be convenient to have it filed. Have you got it here?—A. No, I have not.

The CHAIRMAN: If you wish, Mr. Montgomery, we will have it filed. We can always get it.

Mr. MONTGOMERY, K.C.: I have an uncertified copy of the Order in Council here. The Order in Council I see is dated the 28th of February, 1924.

*By Mr. Montgomery, K.C.:*

Q. That is the one to which you refer, Mr. Preston?—A. That is the one to which I refer. I left on the 26th of February.

[Mr. William T. R. Preston.]



Q. I assume your duties were those set out in the Order in Council?—A. Practically.

Q. You are familiar with the terms of the Order in Council?—A. Yes.

Q. —

"28 February, 1924.

P.C. 285

The Committee of the Privy Council, on the recommendation of the Minister of Trade and Commerce, advise that Mr. W. T. R. Preston be employed to investigate the alleged discrimination in freight rates covering Canadian shipments from Atlantic Seaports, and also regarding the alleged combine in connection with such shipments in marine insurance, and to report on these subjects to the Minister of Trade and Commerce.

The Committee, on the same recommendation further advise that subject to instructions of the Minister of Trade and Commerce, and while employed on the above work, Mr. Preston be paid remuneration at the rate of Fifteen Dollars (\$15) per day for each day actually employed on the said work; and also that he be allowed for the time necessarily spent in travel while carrying on such work a living allowance not to exceed an average of Ten Dollars (\$10) per day, in addition to actual cost of transportation while so employed.

(Sgd.) E. J. LEMAIRE,  
*Clerk of the Privy Council.*"

In the first paragraph of your report you say:

"Upon receiving instructions based on the Order in Council, signed by His Excellency the Governor General, to inquire into the operation of an alleged North Atlantic Steamship Combine,"—

I assume that is the Order in Council to which you refer?—A. That is the Order in Council.

The CHAIRMAN: Do you wish to produce it, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I think it might as well be produced.

*Exhibit No. 69: Copy of Order in Council, dated February 28th, 1924.*

*By Mr. Montgomery, K.C.:*

Q. You had in fact left the country two days before the Order in Council was passed?—A. I understood it was passed the day I got my instructions. I did not know until afterwards of the formal ratification of it, I think two days afterwards.

Q. You spoke of getting instructions; are those the instructions set out in the Order in Council?—A. They were verbal. I think there was a draft of the Order in Council shown to me at the time, but of that I will not be quite clear.

Q. I would like you to be clear upon this point, as to whether that fairly sums up what your instructions were, if they were verbal, namely, that you were employed to investigate the alleged discrimination in freight rates covering Canadian shipments for Atlantic seaports and also regarding the alleged combine in connection with such shipments in Marine Insurance?

Mr. SYMINGTON, K.C.: We had better have this checked up. It looks as if it should be "and".

The CHAIRMAN: We will secure a certified copy. The Clerk made that suggestion himself.

Mr. MONTGOMERY, K.C.: That substantially sets forth what I wish to ask just now.

[Mr. William T. R. Preston.]

*By Mr. Montgomery, K.C.:*

Q. Prior to leaving for the other side, just what had you been engaged on in the month of February?—A. I don't think anything particularly that is of public interest.

Q. I am not asking about your private vocation. It is only that you made the remark that you had been engaged on this report from early in February and I merely wanted to know what work you had been doing during the earlier days of February.—A. Well I reached London about the 12th February I think.

Q. You reached London about the 12th February?—A. Yes.

Q. I thought you said you sailed on the 26th?—A. On the 26th January.

Q. You sailed from here on the 26th January?—A. On the 26th January, yes.

Q. That is considerably over a month before the Order-in-Council was passed?—A. No, the Order-in-Council was passed on the 28th. No, wait a moment.

Q. I do not want to mislead you. The Order-in-Council is dated the 28th February.—A. The 26th February is what I stated in the first place, Mr. Montgomery, that I left Ottawa. Pardon me, let us get the date correctly: the 26th February, the Minister told me; and I left on the 27th. That was it.

Q. Does that also correct the answer you gave in the first instance, that you had been engaged in this from early in February?—A. No, it should be early in March.

Q. Then do I take it that you got your instructions and that you were first advised of your appointment to this task on the 26th February, and left the same day?—A. No, I left the next day.

Q. That brings us to the 27th.—A. The 27th. I just said so.

Q. So that we can first dispose of the suggestion you made to my learned friend that you had been engaged on this report from early in February, that is not correct?—A. That was a slip of the tongue in respect to February.

Q. We will get the facts. Then the first intimation that you had that you would be required to make a report of this kind, was on the 26th February?—A. Oh, no, no; that had been talked of.

Q. I will clear this up in a minute or two and I do not want to ask a lot of questions.—A. The matter had been talked of for some little time, Mr. Montgomery. I had had a good many interviews with the Minister, but I don't know that I had any with him in February. I could not tell you as to that.

Q. Was it in January then?—A. I really could not tell you. I cannot fix the days. Although we had discussed the matter a number of times.

Q. That is terribly indefinite you know.—A. I think it is fairly definite as to the fact.

Q. Was it in the year 1924, or '23 or '22?—A. It may have been in the early part of '24. I would not be certain.

Q. And you cannot be certain that it was not in 1923?—A. No, I would not say it was not in 1923.

Q. Were you in the Government employ prior to that time? I mean immediately prior?—A. No, not immediately prior.

Q. Then as you were to be paid on a par diem basis at the time you undertook the work, perhaps your accounts will show the dates, if we want to get those fixed precisely?—A. Quite so. The accounts will show.

Q. I do not know, Mr. Chairman, whether I should ask to have those produced here; the statements. It will come up in other matters too. We must get as nearly as possible the dates, and a number of things that will be shown by the accounts.

[Mr. William T. R. Preston.]

*By the Chairman:*

Q. Have you any objection, Mr. Preston?—A. I have no objection.

The CHAIRMAN: Then I will ask Mr. Preston to bring his accounts.

*By Mr. Montgomery, K.C.:*

Q. I assume they are filed?—A. I will ask the Department for them.

Mr. DUFF: Get one of the Departments to produce them.

Mr. MONTGOMERY, K.C.: I have not any authority to do so.

The CHAIRMAN: I will ask the Clerk to ask the Department of Trade and Commerce to let us have communication of Mr. Preston's account.

Mr. MONTGOMERY, K.C.: Perhaps that may be here for the next sitting?

The CHAIRMAN: It may be in the Auditor-General's Department now.

Mr. DUFF: The Department of Trade and Commerce will have a copy of it.

Mr. MONTGOMERY, K.C.: It will be in one or the other, and it would probably save a lot of cross-examination; we would get to know when the work was done and where.

Mr. SYMINGTON, K.C.: You have the date that he arrived over there, early in March, 1924.

*By Mr. Montgomery, K.C.:*

Q. This report, Mr. Preston, covers obviously a certain amount of work done in Ottawa, and a certain amount of work done on the other side.—A. That would be the latter part of it, done in Ottawa.

Mr. SYMINGTON, K.C.: Will you speak a little louder please, Mr. Preston?

The WITNESS: That was the latter part of it, in Ottawa.

*By Mr. Montgomery, K.C.:*

Q. I take it that your report generally is made up in this way: you will correct me if I am inaccurate in any particular. It first contains a recital of what you suggest is the earlier history of the Combine?—A. Yes.

Q. And you say this is a matter that had been known to you for many years and consequently you did not need to waste any time in further investigation now with it?

Mr. SYMINGTON, K.C.: No, he did not say that.

The WITNESS: No, I did not say that at all, Mr. Montgomery, please.

Mr. SYMINGTON, K.C.: He said: "I was able to at once get in touch with the interested parties." He does not say he did not need to waste time in investigation.

*By Mr. Montgomery, K. C.:*

Q. Then I will ask you this question, Mr. Preston. I do not want to be unfair to you.—A. I know you don't.

Q. Were you acquainted with the operations of this Combine prior to that time?—A. I thought I was; well, partially.

Q. So you were enabled, without going through it for the time being, to get into immediate contact with the interests involved?—A. To get into contact, yes, with the interests involved.

Q. That disposes of that feature of it?—A. Yes.

Q. Then your report consists of a search of the Departmental files, to extract complaints, is it not?—A. Before you come to that.

Q. I am not attempting to follow it in the order you have put it. You have put it in every order. I just want to get at what is the make-up of your report. One purports to be a history of the Combine. Under another heading you have alleged complaints of shippers?—A. Yes.

[Mr. William T. R. Preston.]



Q. Which I assume were extracted from the Departmental files in Ottawa?  
—A. Not all of them.

Q. Did you extract some of them yourself?—A. What you term extract—I got answers to letters from some of them.

Q. You were writing?—A. For information.

Q. When was that done, before you went across or after you came back?  
—A. After I came back.

Q. How long were you on the other side?—A. I would be back here some time in October. I could not just give you the date.

Q. You were away continuously from the 26th or 27th February?—A. The 27th February.

Q. Until some time in October?—A. Some time in October, yes.

Q. The earlier part or the latter part of October?—A. I think it was rather in the earlier—or towards the middle of October.

Q. But I suppose your accounts will show that?—A. They will give you all the dates. I do not carry those in mind. I could have looked them up if I had thought it worth while, but I did not do so.

Q. How did you occupy yourself between October and December 31st?—A. I asked for the files, and went through them with some care, and then I wrote some letters to different parties making enquiries. Visited two or three places, I think; no, one place particularly, Toronto, for some information, if I could get it. I was occupied pretty nearly all the time. Some days I was not. My accounts will show.

Q. You were over on the other side approximately eight months?—A. Well, from March until October.

Q. March, April, May, June, July, August, September and October?—A. Seven months.

Q. And what was your first effort when you got over there?—A. My first effort when I got over there was to get in touch with friends whom I knew somewhat intimately and from whom I thought I could get some information as to the possible attitude of the Conference or Combine steamships, in regard particularly to the plan outlined by the report of the Committee that Mr. McMaster presided over.

Q. What do you think was that plan, let us have that, and then we will know what your starting point was.—A. Well, I got some friends who knew—

Q. No, you have just been talking about the plan outlined by a report of Mr. McMaster, which you proposed to implement if possible?—A. I have not got the report here. However, as the outcome of looking at that report, I drew up a memorandum, which I purposed using.

Q. Was that your "frank statement of the case?"—A. That is the frank statement of the case, yes; that is there.

Q. Did you find the grounds for that frank statement of the case in Mr. McMaster's report?—A. Pretty much so, yes.

Q. I think your report is before the Committee, is it not?

Mr. SYMINGTON, K.C.: Yes.

The WITNESS: Particularly as to the suggestions made, the policy the Government ought to follow out.

*By Mr. Montgomery, K.C.:*

Q. As to subsidizing fighting ships. Did you find that in Mr. McMaster's report?—A. No. I did not find that in Mr. McMaster's report.

Q. So that what you report as a more desirable solution, or regard as the more desirable solution in your memorandum, is something you did not find in Mr. McMaster's report?—A. Well I was trying to find a solution for it.

Q. Was that solution yours or someone else's?—A. I don't know that you could even quite say a solution there. It was my idea that there was possibly a solution there.

[Mr. William T. R. Preston.]

Q. So this idea of subsidizing fighting ships was yours?—A. No, I would not say that. No, not altogether.

Mr. SYMINGTON, K.C.: If you are asking a question in the language of the statement, he does not say anything about fighting ships.

*By Mr. Montgomery, K.C.:*

Q. Well now, in your frank statement of the case, you say there are two solutions. That is correct?

The CHAIRMAN: What page is that?

Mr. MONTGOMERY, K.C.: Page 11.

The WITNESS: "There are two solutions of the disadvantages under which the ocean transportation of Canadian products labour: one, by an arrangement with an independent steamship company, with Government assistance and Government control over freight rates. Two, the establishment of a Government service between British and Canadian ports, with modern vessels."

Q. Now you have told us that your basis was Mr. McMaster's report. I will ask you if you find anything to justify the first solution in his report?—A. I do not want to be taken as saying that the basis of all this memorandum was Mr. McMaster's report.

Q. Do you say you drew that up after you got over to the other side?—

A. I drew that up after I got over to the other side.

Q. But you were not acting under instructions that you immediately received from anyone else?—A. No.

Q. So that we can take it that that was your idea?—A. That was my idea there.

Q. Now taking the second one, as there are only two; the establishment of a Government service between British and Canadian ports, with modern vessels. Did you find any suggestion of that in Mr. McMaster's report?—A. No, I did not.

The CHAIRMAN: Yes, there was. Excuse me breaking in.

Mr. MONTGOMERY, K.C.: You and Mr. Preston evidently do not agree, Mr. Chairman.

The CHAIRMAN: I have my report before me, Mr. Montgomery. At the top of page 22 of the sessional papers of 1923, one reads:—

"Should it appear that there are no ships, or not a sufficient number of ships belonging to the Canadian Government Merchant Marine, suitable for this service, then it would appear that wisdom would dictate the disposal of some of the smaller ships to enable ships of the class required to be secured."

*By Mr. Montgomery, K.C.:*

Q. Well now, coming back to page one of your report, you recite that you were not unfamiliar with this subject of North Atlantic combines, that you had made reports on it 24 or 25 years before, and intervening reports. Is that correct?

Mr. SYMINGTON, K.C.: "The phases of the question then looming up."

Mr. MONTGOMERY, K.C.: Please, Mr. Symington.

Mr. SYMINGTON, K.C.: You have read the witness only part of the sentence.

Mr. MONTGOMERY, K.C.: If I make an unfair statement, the witness can take care of himself.

Mr. SYMINGTON, K.C.: If you read part of a report which leaves out the essential part, I will certainly take objection.

Mr. MONTGOMERY, K.C.: I do not know that I have done that. The witness has the full report.

[Mr. William T. R. Preston.]

The WITNESS: I have it. "The subject was not unfamiliar, as it had fallen to my lot to make an official report 24 or 25 years ago, to phases of this question then looming up." That is the part.

*By Mr. Montgomery, K.C.:*

Q. So you tell us that, with that personal knowledge, you were in a position to get in touch with all the interests concerned without unnecessary delay. That is correct, I suppose?—A. That is quite correct.

Q. And on page 11 of your report you purport to give a list of the several steamship companies which go, according to you, to make up that North Atlantic Conference?—A. Yes, that is the list that I succeeded in getting.

Q. Where did you succeed in getting it?—A. You will have to pardon me there. That is not for your information, Mr. Montgomery.

Q. That will be for the Chairman to say, not for you, Mr. Preston.—A. I had a good many ways of getting information there, and I do not propose that the Combine is going to get after them.

Q. You knew there was an official record of all these Conferences?—A. Well, in a way, not very official.

Q. They had a Royal Commission on Shipping Rings?—A. A Royal Commission on Shipping Rings, yes.

Q. Which made its report several years before?—A. Yes.

Q. They had had the Dominions Royal Commission?—A. The Dominions Royal Commission, yes.

Q. You had no doubt seen the Alexander report?—A. No, I could not tell you at the moment. I have seen a number of reports.

Q. Which gave the names of all these Conferences?—A. Yes. I did not take the names from any of them.

Q. Gave their offices?

Mr. SYMINGTON, K.C.: What did?

Mr. MONTGOMERY, K.C.: The Alexander report.

Mr. SYMINGTON, K.C.: Now, that is the one the witness said he did not think he had seen, and I do not think he ever saw it, because I just gave it to him a few weeks ago.

*By Mr. Montgomery, K.C.:*

Q. Surely, Mr. Preston, you did not start to investigate this North Atlantic Conference without even looking at the most exhaustive report made upon the subject?—A. Mr. Montgomery, there are ways of getting information without going around with a brass band.

Q. So you preferred the devious way rather than going around with a brass band sufficiently to go to any library and consult the Alexander report, where these Conferences are all charted, with their officers and everything else?—A. I did not choose the devious way at all.

Mr. SYMINGTON, K.C.: My learned friend suggests—

Mr. MONTGOMERY, K.C.: Are you cross-examining or not?

The CHAIRMAN: Mr. Montgomery, will you please resume your seat. Mr. Symington, do you want to make an objection?

Mr. SYMINGTON, K.C.: My learned friend is quoting certain things supposed to be in the Alexander report of 1913 and '14, which as far as I recollect it, did not name the people who are in the Combine, in extenso, and certainly could not name the people who were in the Combine in 1924, when Mr. Preston was investigating it.

The WITNESS: If this is the Alexander report—

Mr. SYMINGTON, K.C.: No, that is not it. It is an American book.

[Mr. William T. R. Preston.]



The CHAIRMAN: Perhaps you will frame your question a little differently, Mr. Montgomery.

*By Mr. Montgomery, K.C.:*

Q. Then I understand that you are unwilling to give the Committee the source from which you obtained the names of the members of the Conference?  
—A. I am quite unwilling.

— Q. Quite unwilling?—A. Yes.

Q. But you did not go to any of the official or open sources to get it?—  
A. I do not know what you call official or open sources. I went to what I considered good sources of information, and I pretty well got it, I think.

Q. You do?—A. Yes.

Q. For instance, where did you find that the Norwegian-American company were a member of the North Atlantic Conference?—A. From the source of which I speak.

Q. Did you ever check to see if that is correct or not?—A. No, not other than the information which I got.

Q. The Scandinavian-American?—A. That is a list which I got from a source which I believe to be authentic.

Q. But there was no mystery about it; everybody has known for years the makeup of these Conferences, have they not?—A. I do not think it.

Q. You are not suggesting that you are the first one to discover the existence of the North Atlantic Conference?—A. Not at all.

Q. And any shipping man could tell you what lines were plying between Canada and the Old Country?—A. Yes. I knew that pretty well.

Q. And you knew that generally every line was a member of a Conference, perhaps of several Conferences?—A. I knew that some of the lines were; at least, my information was that they were, or is that they were.

Q. As far back as 1906, I understand you reported that they all were?—  
A. 1900, I think.

Q. So you had information since 1900 that every line, practically, was a member of one Conference or another?—A. No, I did not.

Q. With what exceptions?—A. I knew some lines which are.

Q. Had you any doubts about any of them?—A. I had no doubts about those, but there are other lines.

Q. Well, will you indicate among those which lines are concerned in the Canadian trade; you might take the Canadian cargo trade.—A. Anchor-Donaldson.

Q. Anchor-Donaldson; that is one.—A. Canadian Pacific.

Q. That is two.—A. Cunard.

Q. That is three.—A. Cairns-Noble.

Q. That is four.—A. Royal Mail Steam Packet Company.

Q. They are not interested in the freight business, are they?—A. I am not talking about freight, I am talking about the Conference.

*By the Chairman:*

Q. The question addressed to you by Mr. Montgomery was to name the companies in this list which were engaged in the freight business.—A. I beg pardon; I did not understand that question.

Q. In view of that fact, you want to correct your answer?—A. Yes, I want to correct my answer. The Anchor-Donaldson; Canadian Pacific Railway; Cunard; Cairns-Noble; Canadian Government Merchant Marine; Royal Mail Steam Packet Company.

*By Mr. Montgomery, K.C.:*

Q. They were not carrying freight from this side?—A. White Star; White Star-Dominion; and Furness-Withy.

[Mr. William T. R. Preston.]

Q. That is your answer?—A. I am not sure about the other, not the Maclean-Kennedy Company.

Q. Let me assist you a little bit. In the first place, then, you omitted Inter-Continental Transports, associated with Canada Steamships.—A. I do not know which one you mean.

Mr. SYMINGTON, K.C.: The bottom of the first row.

The WITNESS: Yes. You are quite right there, Mr. Montgomery.

*By Mr. Montgomery, K.C.:*

Q. And then you wrongly included White Star. Is it not White Star-Dominion only?—A. No, I understood both of them were travelling to Canada.

*By the Chairman:*

Q. With freight?—A. I suppose even the White Star carries freight, too.

Mr. SYMINGTON, K.C.: There is nothing that carries only passengers.

The CHAIRMAN: Perhaps I am leading both the witness and Mr. Montgomery astray. I thought the first question was directed to all the freight-carrying lines, as distinguished from passenger-carrying lines.

Mr. MONTGOMERY, K.C.: My learned friend has given evidence that there is nothing that does not carry passengers.

The CHAIRMAN: No, nothing that does not carry freight.

Mr. SYMINGTON, K.C.: Passenger steamers carry freight.

*By Mr. Montgomery, K.C.:*

Q. I am asking whether the White Star operates to the Dominion at all, apart from the White Star-Dominion.—A. I could not tell you that for sure. I thought it did.

Q. Then the Royal Mail, where do they deliver cargo to in the United Kingdom?—A. I have seen their advertisements in the London papers, starting to Canada last fall.

Q. Last fall?—A. Yes.

Q. They were proposing to start, or had started?—A. Had started.

Q. When?—A. I think they were started by September or October.

Q. The Atlantic or the Pacific?—A. The Atlantic.

Q. You think they were started in September or October?—A. Yes.

Q. Then you obviously did not get their name at the time you made your enquiries from the confidential source, as to who were the members; they were not members then, were they?—A. Who?

Q. The Royal Mail?—A. The Royal Mail was a member of the Conference as early as some time in May, or I was very much misinformed by the General Manager of the line itself.

Q. My information, Mr. Preston, is that the Royal Mail had not been engaged in the transport of cargo to Canada at all.—A. I understood from the General Manager himself, Mr. Allsop, that they were engaged in the traffic to Canada, and that they were going to run passenger ships, and that they wanted to try and get some special interest in immigration work to Canada.

Q. I attach some importance to that, because I am coming to your interview with the Royal Mail a little later. Then your testimony is that the Royal Mail were engaged in the freight traffic to Canada, first I will ask, during 1924.—A. During 1924.

Q. And prior to 1924?—A. I could not tell you.

Q. Prior to the time you were commissioned to make this investigation?—A. I could not tell you.

[Mr. William T. R. Preston.]

Q. Then at the time you went there you had at least no information that the Royal Mail were one of those who had been engaged in the United Kingdom-Canadian traffic?—A. Not at the time I went there.

Q. No?—A. No.

Q. Then let us take the ones you knew were engaged. I assume they would be the interests most concerned, would they not?—A. Oh, my report was regarding the whole North Atlantic Combine, or Conference, or whatever you call it.

Q. We will stick to Canada, if you do not mind.—A. Well you can stick to Canada if you like.

Q. You go on to say,

“In carrying out the object aimed at by the Order in Council appointing me to make the enquiry in question, I acted on my own judgment in getting into communication with the management and prominent officials of steamship companies, directly connected with the North Atlantic Steamship Conference, or Combine.”

The CHAIRMAN: You are reading from where?

Mr. MONTGOMERY, K.C.: Page 11, just following the list.

The WITNESS: Yes.

Mr. MONTGOMERY, K.C.: And it goes on to say:

“In this connection, I thought it better to have a frank discussion on the whole situation.”

The WITNESS: Yes.

*By Mr. Montgomery, K.C.:*

Q. I take it that would be with the people who were operating this North Atlantic Combine, as far as the interests of Canada were affected?—A. If I thought it worth while to meet them.

Q. If you thought it worth while to meet them?—A. Yes.

Q. And you go on to say:

“With a view to bring this about I presented the following memorandum to those with whom I came in contact in this matter.”

A. Yes.

Q. You then quote your memorandum?—A. Yes.

Q. Proceeding, you say, “I thought it better to throw aside all reserve and the usual so-called diplomacy.” That is on the next page, page 12.—A. Yes.

Q. You say: “with a view to endeavouring to bring about a candid discussion of the whole question.”—A. Yes.

Q. Who would you be likely to have your candid discussion with?—A. I wanted to have my candid discussion with anyone who was likely to discuss it from the standpoint that I was prepared to discuss it from.

Q. In the first instance, I assume you would have your candid discussion, if with anybody, with the lines concerned?—A. Yes.

Q. That would be natural enough, would it not?—A. Quite so.

Q. They had been engaged in the Canadian traffic for many years?—A. Yes.

Q. Served it both as regards passengers and cargoes?—A. Yes, if they were willing to.

Q. And surely, before going abroad, your first endeavour would be to have a frank and candid discussion with them, would it not?—A. Possibly so, if they were willing to.

Q. If they were willing to?—A. Yes.

Q. You dispose of that last answer in your next sentence?—A. Yes.

[Mr. William T. R. Preston.]



Q. You say, "I must admit there appeared to be a desire on the part of these interests, with whom I discussed this question in the first place, to consider the difficulties that were alleged to exist."—A. Yes.

Q. There is no evidence there of anybody's unwillingness?—A. There is no unwillingness on the part of the particular interests to which that refers.

Q. The particular interests, I assume, are the Canadian Steamship Companies, meaning by that, the services operating between the United Kingdom and Canada?—A. I do not say so.

Q. Is that the impression you intended to convey to the public in that report?—A. Not at all.

Q. We all differ in our use of the English language— —A. Yes.

Q. —and in our interpretation of it— —A. Yes.

Q. —but I would gather from that that you had gone over that and "abandoning the usual diplomacy" had gone right to them and discussed it?—A. I did not say so.

Q. You did not intend that anybody should infer from that report that you had discussed the matter with the lines themselves?—A. Not with all the lines, certainly not.

Q. So, "abandoning all diplomacy," taking off your coat and adopting, if I may use the expression, a "shirt-sleeve diplomacy," you did not even get into contact with the lines engaged in the United Kingdom-Canadian traffic?—A. I got into communication to find out the attitude of every one of the lines, as I understood them, travelling to Canada.

Q. How could you have a "frank and candid discussion" with people without coming into immediate contact with them?—A. Frank and candid discussions with those with whom I came in contact. I think that is very plain.

Q. Well, would there be a desire on the part of these interests to meet your difficulties if they were not the people engaged in the traffic, with whom you were discussing it?—A. When I found out that certain persons were not willing to do anything, that they were going to stand by the Conference, I did not waste any time on them, Mr. Montgomery.

Q. Is the effect of your answer, Mr. Preston, that, having been sent over there on that mission, realizing that a frank and candid discussion of the situation was the prime consideration, you did not go near the lines which were involved in the United Kingdom-Canadian traffic?—A. I learned the attitude of every line—

Q. Answer my question. I asked you whether you went near them or not.—A. I cannot answer—

Q. I am asking you whether you went near them or not?—A. Put your questions so that there will be no doubt about them, and I will answer them with perfect candor.

Q. I will take them one by one, that may be the easiest way?

Mr. SYMINGTON, K.C.: Yes, that will be the best way.

The WITNESS: That is the best way.

*By Mr. Montgomery, K.C.:*

Q. In the first instance, we have our own Canadian Pacific?—A. We call it our own.

Q. It is well known to you,—A. We call it our own.

Q. Have you any doubt about it? Do you disavow the Canadian Pacific?—A. No.

Q. We will include in that our own Canadian Government Merchant Marine?—A. Yes.

Q. One would think your first effort would be to get in touch with them to see if there were any difficulties to be threshed out. Did you get in touch with either of them?—A. Not personally.

[Mr. William T. R. Preston.]

Q. You never went near the C.P.R.?—A. Not personally.

Q. Or to any person in the Canadian Pacific Ocean Service?—A. No, but I learned the attitude of the Canadian Pacific very soon.

Q. Please answer my questions and do not make any speeches?—A. I am not making a speech—

Q. You will just answer my questions. I asked you if you went near the C.P.O.S.?—A. When you put your questions and will not take another meaning from my answers than the one I intend, I will answer you with perfect candor.

Q. I may suggest to you that the public in Canada have taken an entirely different meaning from the one you now make to us to-day of your report.—A. Probably some of the public have.

Q. And it is an impression which you have not sought to correct?—A. I do not accept your view of the construction of my report at all.

Q. So, in the performance of this mission, and having in mind, as you emphasized, the importance of a frank and candid discussion, you did not go near the principal members of the lines involved?—A. What do you call the "principal members"?

Q. We will take the Canadian Government Merchant Marine. You did not discuss matters in that connection?—A. No, I did not go near them. That is a matter for the Canadian Government to do.

Q. Let us take the Canadian Pacific—A. I was not talking with minor officials.

Q. You were not talking with minor officials?—A. No.

Q. I do not know exactly what you mean by that, whether you include the company as a "minor official"—A. You know very well what I meant—please, please, Mr. Montgomery.

Q. Then I assume that an interview which appeared in the Ottawa Evening Journal of March 3rd, 1925, sets out correctly your remarks. I will read a paragraph from it to you and you can correct me.—A. I never gave an interview to the Ottawa Journal, that I know of.

Mr. SYMINGTON, K.C.: That is an answer. He said he never gave an interview.

The WITNESS: No, not to my knowledge.

Mr. SYMINGTON, K.C.: If Mr. Preston says he never gave an interview, my learned friend will read it only subject to my objection.

Mr. MONTGOMERY, K.C.: It is one which ties in fairly well with Mr. Preston's remarks. I will ask him if he gave an interview to anybody.

Mr. SYMINGTON, K.C.: Surely, if my learned friend wants to cross-examine a witness upon an interview, he must give the time and when and where it was.

The CHAIRMAN: Mr. Montgomery will not be anything else but fair, I am sure.

Mr. SYMINGTON, K.C.: As a matter of principle, I desire to take an objection that before part of an interview or an interview is read to a witness, and the witness asked whether he was truly reported, he must say whether he gave an interview. If he says he did not, then I submit it cannot be read.

The CHAIRMAN: That should be good law; it is common sense. Will you proceed in that fashion, Mr. Montgomery?

Sir HENRY DRAYTON: I think it should be read, and then the attention of the witness can be drawn to it in the usual way.

The CHAIRMAN: If he says he never gave it—

Sir HENRY DRAYTON: He cannot say that until he has heard it. It may have been copied—

The WITNESS: It may have been copied from some other paper.

*By Mr. Montgomery, K. C.:*

Q. Do you recall giving an interview in these words: "All they have done, he chuckled cheerfully—"

Mr. SYMINGTON, K.C.: Is that part of the interview?

The WITNESS: I never said that.

*By Mr. Montgomery, K. C.:*

Q. —"as he referred to a digest of the shipping companies' reply to his charges, is to set up men of straw simply to destroy them." Do you recognize that?—A. I remember saying that somewhere, a good many times. I will say so now.

Q. "I see Sir George Maclaren Brown, the Canadian Pacific Steamship representative in London, is criticizing me for not having called upon him while I was there. Why should I be bothered with mere subordinates, when the head offices of the company are right here in Canada?"—A. That is a proper question, I think.

Q. So I assume that Sir George Maclaren Brown, the European General Manager of the Canadian Pacific Railway, falls within the category of "minor officials" who were unworthy of the attention of Mr. W. T. R. Preston?—A. No, not at all.

Q. Well, was he or was he not one of the "minor officials" with whom you would not bother discussing things?—A. There was no use bothering discussing the matter with Sir George Maclaren Brown. He had already sent a detective, or somebody from the C.P.R., to follow me all about London. What was the use of bothering with him?

Q. So he was not included in your "frank discussion?"—A. Not at all.

Q. Had you conferred with the detective?—A. No, I had not.

Q. Then, that eliminates the C.P.R.—

Sir HENRY DRAYTON: I think we should get a description of that detective.

The WITNESS: I should like to have seen him.

*By Sir Henry Drayton:*

Q. Did you ever see him?—A. No, I never saw him.

Sir HENRY DRAYTON: Oh, dear, what a pity!

The WITNESS: But I think I gave him a hunt.

Mr. MONTGOMERY, K.C.: No doubt—

Mr. KENNEDY (Glengarry): A still hunt?

The WITNESS: He is still hunting.

*By Mr. Montgomery, K. C.:*

Q. You think he followed you to the source of your information from which you got the names of the Conference?—A. I do not know; but as soon as I heard he was on my track, I left some trouble for him.

Q. What did you do? Tell us about it? It is interesting.—A. Oh, no. I took my own way to get around him. London is a big place.

Q. You out-sleuthed the sleuth? Is that it?—A. If I cannot out-sleuth a C.P.R. detective, I think I will go and put my head on ice.

Q. You have not a very high opinion of the C.P.R., either their "minor officials," their European Manager, or their detectives?—A. I have not said so.

Q. If you could not bother dealing with minor officials or subordinates, such as Sir George Maclaren Brown, did you take the matter up with the President or the higher officials of the company upon your return here?—A. No, I left that to the Government; they took it up with them.

[Mr. William T. R. Preston.]



Q. I am not asking you what they did; I am cross-examining you upon your report, and as to what you did?—A. All right.

Q. So that in your endeavour to find a solution of this question, you never went near the Canadian Pacific?—A. No, I did not.

Q. Nor their Ocean Services?—A. I went near their Ocean Service about the return passage, but not upon this matter.

Q. Nor their European Manager?—A. No.

Q. To find out whether some solution could be found which would obviate the necessity of the Government taking measures such as have been proposed?—A. No.

Q. Let us proceed to another one. You mention the Anchor-Donaldson and Thompson?—A. Yes.

Q. They have been a line which has been serving Canada for many, many years?—A. Yes.

Q. An old-established line?—A. Yes.

Q. Been serving us for more than 50 years?—A. I do not know.

Q. As long as you have had any connection with the steamship business?—A. Possibly so.

Q. Now, I think they have the reputation of being reasonably reputable people, have they not?—A. No doubt about it.

Q. A very reputable concern?—A. No doubt about it.

Q. A concern that has done something to help build up the Dominion?—A. No doubt about it.

Q. Now, surely you went to them and said, "Our shippers are not satisfied"?—A. I did not.

Q. Surely you said, "The Government is having so many complaints made to it that unless something can be done to remedy it, it will have to take some extraordinary action"?—A. I did not.

Q. Surely you went to them and said, "There is a complaint about the cattle rates: cannot you do something to alleviate conditions"?—A. Indirectly I did, later on.

Q. I am asking you what you did directly, because you emphasize the importance of throwing off your coat and having a frank and candid discussion?—A. Yes.

Q. Surely, when one throws one's coat off, it is to go for the other fellow directly?—A. I did not take my coat off.

Mr. DUFF: He might have run away with his coat off.

Mr. MONTGOMERY, K.C.: Apparently most of his time was spent in running—this detective—

The WITNESS: I learned from what I considered a reliable source that to waste any time on the Anchor Donaldson was useless, because they were tied up absolutely with the Combine, and I could do nothing.

*By Mr. Montgomery, K.C.:*

Q. I want to find out if you did anything besides elude the vigilance of this detective?—A. Read my report, and you can see.

Q. I have read your report, and if I can read the English language, I read in your report that you lost no time in getting in touch with all the interests concerned—not some of them—but all the interests concerned?—A. I lost no time in finding out the attitude of every steamship line running to Canada particularly, and even beyond Canada, to the United States.

Q. Please answer my question, Mr. Preston?—A. I am trying to.

Q. I am asking you whether this statement is true or false?—A. It is absolutely true.

Q. Well, we will test it out,— —A. Very well.

[Mr. William T. R. Preston.]

Q. You say, "I was in a position to get in touch with all the interests concerned"?—A. Yes.

Q. Did you get in touch with all the interests concerned?—A. I got in touch through another party with all the interests concerned—with every steamship company running to Canada.

Q. Now you do not suggest you got in touch with any other party. You tell the public of Canada you got in touch with all the interests concerned?—A. I got in touch with all the interests concerned.

Q. That is true or false?—A. That is quite true.

Q. Did you get in touch with them all directly?—A. Not directly, all of them; some of them indirectly.

Q. So, be frank and say "most of them indirectly."—A. Put it that way if you like. No, I won't put it that way at all. I had direct information about the view of everyone of them.

Q. Do you not think the people to whom this report was addressed—and I do not confine that to the Minister alone but to Parliament and the public—would infer that you got in touch with all the interests concerned, that you would at least get in touch with the steamship lines serving the U. K. Canadian trade?—A. Yes, and they were all got in touch with; everyone of them.

Q. You do not say that. You say you got in touch with them?—A. Put it that way if you like. I got in touch with them.

Q. You do not infer by that that somebody else got in touch with them?—A. Somebody else got in touch with them.

Q. The statement that you got in touch with them is incorrect?—A. It is not incorrect.

Q. You do not consider that anybody reading that report would believe that your first effort was to get in touch with them and that you had a frank and candid discussion with them?—A. I got in touch and had a frank and candid discussion.

Q. Do you not think any reasonable person reading that account would infer that you got in touch with them directly?—A. No.

Q. Don't you think that report is designed to give that impression?—A. None of your insults. I am not sitting here taking insults from you.

Q. You are the hero of one hundred libel actions?—A. Yes, and I won them too, and you go outside this door and repeat it and I will take one out of you.

Q. I am in the law game myself. We approach you at our peril?—A. You do. Get down on your knees.

Q. Even we will put detectives on you at our peril?—A. Go on with your nonsense.

Q. Let us take another little paragraph and see what impression you did intend to convey to the public at page 11.

Q. Did you think it better to have a frank discussion on the whole situation?—A. I did.

Q. Whom did you have that frank discussion with?—A. I had that frank discussion with Lord Kysant and Mr. Allsop.

Q. Let us get these names?—A. Lord Kysant.

Q. Lord Kysant, I understand, is the President of the Harland & Wolff Company?—A. Yes, Lord Kysant is the President of the Harland & Wolff Company.

Q. Which is building the two new Petersen boats?—A. I do not know where the boats have been built.

Q. You never looked at the schedule at the back?—A. Of what?

Q. Of the Petersen contract?—A. I do not know who is building the boats.

Q. You never inquired who was building the boats?—A. I may have heard something about it.

[Mr. William T. R. Preston.]

Q. You know Lord Kysant is President of the Harland & Wolff Company?  
—A. Yes.

Q. He was also the President of the Royal Mail, was he not?—A. Yes.

Q. He was the one you had the frank discussion with?—A. Yes.

Q. You have not been asked for any of the voyage accounts of the Royal Mail in this investigation? How is that?

Mr. SYMINGTON, K.C.: Because I did not put them on the list of the members.

*By Mr. Montgomery, K.C.:*

Q. As a matter of fact you know that the Royal Mail is not involved in this at all?—A. I thought the Royal Mail was.

Q. Did you think that the Royal Mail, prior to your report, had been engaged in the movement of cargo to and from Canada?—A. I did and I knew the Royal Mail was very much interested in the probable emigration traffic to Canada.

Q. Who? Tell us who else?—A. Mr. Allsop, the General Manager of the Royal Mail.

Q. Both these individuals were with the one Company?—A. Yes.

Q. You have been sitting in this room for the last four weeks?—A. While the Committee was in session.

Q. The first occasion on which we have heard the Royal Mail's name mentioned as being involved in any way in this is now, is it not?—A. The first time it is mentioned here, yes.

Q. So you selected a company whom no one has heretofore considered as being particularly involved in this inquiry one way or the other?—A. I understood the Royal Mail was in the conference and I discussed everything on the line I did with Lord Kysant with that understanding.

Q. Was it because they were in the Conference that you sought him out?  
—A. No, but I was given to understand he was not averse to discussing my mission.

Q. Not averse to discussing your mission to make an arrangement with an independent steamship company?—A. No, to inquire into the combine and to hear something at least about the Canadian difficulties.

Q. You ruled out a number of these companies because you heard they were members of the Conference?—A. I ruled them out because I believed it would be no use approaching them.

Q. You could have gone and asked them?—A. Proper inquiries were made and I got some report.

Q. Would you be good enough to tell us who made the proper inquiries about these lines?—A. No, I won't tell you that.

Q. You won't tell us that?—A. No, I take responsibility for not telling you.

Q. You did not go yourself to see them and you won't tell us who did?  
—A. No.

Q. Let us go on.—A. I take all the responsibility for it.

*By the Chairman:*

Q. Why are you averse to giving us the name of your informant.—A. I am averse to giving the name of my informant because I know each one of them would get exactly what I am getting from the combine.

Q. Are you afraid if you gave the name of this man it might prejudice his business?—A. Very seriously and prejudicially affect him. I got it in my own case.

[Mr. William T. R. Preston.]



*By Mr. Montgomery, K.C.:*

Q. It is your idea that he went as your emissary?—A. I know I got his report. It was thoroughly useless to go to them.

Q. Do you wish us to understand that while you did not go yourself to see the lines serving the Canadian trade, you sent somebody else to see them on your behalf?—A. I got persons to enquire of each of these companies as to the probability of their breaking away from the Conference.

Q. You got several persons to inquire?—A. Several.

Q. That is your idea of a frank and candid discussion.—A. Yes. Not with them but with those I came in contact with myself.

Mr. SYMINGTON, K.C.: Frank and candid discussion, the witness specifically states with those with whom he came in contact.

*By Mr. Montgomery, K.C.:*

Q. I suppose you could have had frank and candid discussion with Mr. Symington if he had been there or with any of us sitting around the room? Would that be the people operating the steamships you were sent to investigate?—A. I cannot tell you what the view of it is. I am giving you the facts.

Q. Why did you not say that in your report, if that was your impression, instead of telling us at first that there appeared to be a desire on the part of the interests to understand your complaint?—A. The interests there means interests outside of the immediate Atlantic Conference, or rather, includes those outside the North Atlantic Conference.

Q. So the people you succeeded in interesting were not people in the North Atlantic Conference?—A. I thought I had interested Lord Kysant. I was mistaken. In other cases I thought I had interested those outside the North Atlantic Conference. They were on other Conferences.

Q. It is better to throw aside all reserve and so-called diplomacy. What do you mean by that?—A. Just exactly what it says.

Q. With a view of endeavouring to bring about a candid discussion of the whole question?—A. Yes.

Q. You apparently did not succeed?—A. No.

Q. You never had a candid discussion with him or the lines affected?—A. With two lines affected.

Q. But you have told us that already. Do you forget the word "all" in the early part of your report?—A. You have the explanation of it.

Mr. SYMINGTON, K.C.: The "all" is on page one, you are examining on page 11.

*By Mr. Montgomery, K.C.:*

Q. Go on. You told us about these discussions which extended over four months or more. You have given the names of nine or even ten companies who were concerned in the North Atlantic Conference, so far as Canada was concerned. You told us the discussion went on for four months or more and you only indicate two whom you saw at all in the four months?—A. Two whom I saw?

Q. And one of those whom you thought you might interest in it?—A. No. I understood Lord Kysant was interested in Canadian traffic, because two or three of his representatives have come to me to see what could be done about immigration.

Q. Lord Kysant ran no boats into Montreal?—A. I think he had some boats advertised into Halifax or I cannot read English.

Q. Let us take our St. Lawrence trade. Was Lord Kysant interested in any of the companies which are operating in the United Kingdom-Montreal-Quebec trade?—A. No, I do not know that he is.

[Mr. William T. R. Preston.]

Q. Now, the Cunard is a fairly well known line?—A. Yes.

Q. Did you have your frank and candid discussion with any of the officials of the Cunard Line?—A. I did not see any of the Cunard Line personally.

Q. Did you send anyone else to see them?—A. I sent someone to see how they were in regard to the Conference and they were utterly hopeless.

Q. Was that the same one you sent to see the Donaldson Line?—A. No.

Q. You sent another emissary to see the Cunard?—A. No, I did not see another emissary at all. I had a good many friends in London whom I could trust.

Q. Your report is based on something somebody told you?—A. Something somebody learned for me of the situation.

Q. It was something somebody told you?—A. My information was gotten from someone who was perfectly reliable, in my estimation.

Q. In your report you say "I did not think it wise to go near these people myself and I asked somebody else what they thought about it?"—A. If I could write another report I would be very much pleased.

Q. You did not think your report was intended to give the public of Canada any other impression than that?—A. None whatever.

Q. Let us take the next line, "The Inter-Continental Transports." Did you ever see them?—A. No.

Q. Did you send a messenger to see them?—A. I got information that they were hopeless.

Q. Was that the same missionary you sent or did you send another one?—A. I think one of those two.

Q. One of the two fellows who told you about the Cunard disclosed the statement about the Inter-Continental Transports?—A. Yes.

Q. You have told us about the Canadian Government Merchant Marine. Let us take the White Star Dominion. It is a fairly well known line, with offices on the other side?—A. Yes.

Q. People who were accessible to you during the four months you were labouring in the employ of the Government?—A. Quite accessible.

Q. Did you, at any time during the whole of the four months, go near any responsible official of the White Star Line to find out whether something could not be done to fix up the suggested difficulties?—A. I did not, but I got some information about the White Star Dominion Line.

Q. Somebody told you they were in the Conference?—A. Not somebody, please; a friend whom I could trust.

Q. Tell us who it was?—A. No, I cannot do that.

Q. I will have to use "somebody" unless you make it more precise.—A. Use "somebody" if you like.

Q. I have to use "somebody" because you will not tell me who it was?—A. No. I won't tell you.

Q. What would you like me to call him, Mr. A., or Mr. X?—A. Call him anything you like.

Q. Or was it a Syndicate?—A. No, it was no syndicate.

Mr. SHAW: Do I understand his attention was directed to find out which of the companies were prepared to leave the Conference?

The WITNESS: That is correct.

*By Mr. Shaw:*

Q. That was the only question upon which you sought information?—A. That was the only question upon which I sought information from these people at the time.

*By Mr. Montgomery, K.C.:*

Q. As to whether they were prepared to leave the Conference?—A. As to whether they were likely to leave the Conference.

[Mr. William T. R. Preston.]

Q. I prefer to take Mr. Symington's words?—A. Take them then.

Q. Did you ever go and ask them whether they were prepared to leave the Conference?—A. No, I did not go and ask them whether or not they were prepared to leave the Conference.

Q. Why not be candid and frank?—A. I am candid and frank.

Q. Why not have been candid and frank to them?—A. Yes—poor fellows.

Q. You had a frank statement of the Canadian case?—A. Yes.

Q. Why not indicate to them that you were going to point a gun at them if they did not come down?—A. I hadn't any gun.

Q. So that that frank and candid statement was not intended as a weapon to be pointed at any of the guilty parties?—A. It was intended to be directed towards anyone I was in contact with who was connected with the shipping of goods and with whom I could get into direct contact.

Q. But there were several people you could get into contact with, in all those lines?—A. Yes, all of them and get the same information.

Q. Wouldn't that be the correct process, for a frank and candid person like yourself, for you to come in contact with them?—A. I chose the other way.

*By the Chairman:*

Q. This "frank statement of the Canadian Case," was that despatched by you to any of these lines that were in the North Atlantic Shipping Conference?—A. There were about a dozen copies of that struck off, and I gave them to the parties with whom I was negotiating, to see if they could get an opening, and to get an interview for me along those lines. They of course were not to use them if it was a hopeless case.

*By Mr. Montgomery:*

Q. Surely you intend that as a joke, don't you?—Well, perhaps if you were on your oath you would think a statement like that was a joke; I do not.

Q. Do you think that was the impression the people of Canada would get from reading that report of yours?—A. I think so.

Q. It requires an investigation to see what is coming out?—A. No, there is something coming out.

Q. Tell us now what it is?—A. I claim I got into indirect connection with the whole Reford outfit in Montreal.

Q. You are telling us what you were doing in the four months in London when you were a paid employee of the Government?—A. That is part of it.

Q. You conferred with the Reford Company in London?—A. No, I did not. You asked me a question, and I tried to answer, and I will answer it now.

Q. Is that the bombshell, that you saw the Reford Company?

The CHAIRMAN: You invited the witness to tell you something, Mr. Montgomery, which he said he would tell at a subsequent moment. I think you should allow him to answer the question.

Mr. MONTGOMERY, K.C.: I have no objection, Mr. Chairman, if he wants to come back to Montreal before he finishes with London.

The WITNESS: I got in touch with the Cairns-Noble Company. I had hoped to have seen Sir William Noble. I had a letter from his Secretary; he could not make an appointment for me, but eventually an appointment was made, and I met Major Cairns, and with him I discussed particularly the question of the cattle rates, but at the same time I discussed the whole question as set out in this memorandum.

*By the Chairman:*

Q. This memorandum called the Canadian Case?—A. I had that in my mind at the time.

[Mr. William T. R. Preston.]



*By Mr. Montgomery, K.C.:*

Q. Is that your bombshell?—A. I did not talk about a bombshell. After a considerable conversation with Mr. Cairns, who was labouring under some domestic unpleasantness at the time, the point—

*By Mr. Montgomery, K.C.:*

Q. Major Cairns is in the room, Mr. Preston.—A. Yes, Major Cairns is in the room, and he will bear me out that I sympathized with him in the operation that his boy was undergoing. He therefore apologized to me for apparent inattention or not listening to me at all. I was not suggesting anything else, Mr. Montgomery, and we discussed—

Q. You are not very apt in your selection of words.—A. I am sorry. I will go to you to learn English. We were discussing principally the question of the rates on cattle. I had received instructions from the High Commissioner, through a telegram which he had received from the Minister, that if a reasonable or what might be called a mutually satisfactory rate upon cattle could be secured from the lines over there, the Government would be willing to pay one-third or rather pay \$5 of the freight charges, presumably on the line that a \$15 rate could be arranged. Major Cairns and I discussed that question in its various aspects, for half an hour or more, and eventually the point was reached as to what could be done. He had to consult the people at Montreal, the Refords, and whether he suggested it or I suggested it I do not know, at any rate an agreement was arrived at that I should cable the Minister, or get the High Commissioner to cable the Minister the situation of our negotiations, and that he should cable the Refords in Montreal to go up to interview the Minister, particularly on the question of the number of cattle that might be taken on board, that is, the limiting of the space, something along the lines of the Argentine regulations. I returned to the office, and gave the High Commissioner a letter, which I have here, and which I will read if you wish, dealing with my negotiations with Mr. Cairns, and on the basis of that the High Commissioner telegraphed to the Minister, telling him and giving him or making some reference to it, and that the Refords were being telegraphed or cabled by the Cairns-Noble Company to go to Ottawa and see him. The next morning the Cairns-Noble Company telephoned me to ask if I had sent the cable; I said I had, and I asked if their cable had been sent as agreed? They said "Yes," and asked me if I would read over to them the cable the High Commissioner had sent to Canada, which I did, over the phone.

By reaching the Refords, I knew I would reach the lines Refords were representing, namely, the Anchor-Donaldson line, the Donaldson line, also the Cairns line, the Thompson line, and the Cunard line was indirectly connected I claim through Cairns-Noble. In London I got my communication or wishes, or the Minister's wishes in this matter, placed before the Montreal agents of these lines.

Q. Is that all?—A. The correspondence is here, if you wish to see it.

Q. But is that all?—A. That is all I have on that just now.

Q. When did you arrive in London?—A. I think about the 11th or the 12th of March.

Q. You were there during the rest of the month of March?—A. Yes.

Q. You were there during the whole of the month of April?—A. Yes.

Q. I see your "Frank statement of the Canadian Case" appears to be dated at London, April 19th, 1924?—A. Yes.

Q. You were there during the whole of the month of May?—A. Yes.

Q. When did all this take place?—A. All what take place?

Q. This little story about the interview with Major Cairns?—A. That took place about the 5th or 6th of June.

[Mr. William T. R. Preston.]

Q. So that you were in London most of the month of March, all of the month of April, all of the month of May, and it was in June that the idea first struck you to try to ascertain through Major Cairns, who in turn would cable to the Reford Company in Montreal, who in turn were the representatives of the Anchor-Donaldson line and the lines you have mentioned, as to what their attitude would be in London, Liverpool, or wherever it was?—A. That was the proper way to do it.

Q. All I want to get at is your conception of your duties, which were as you have described?—A. Yes, I was getting in touch with all the cattle shippers, that is, as I understood it.

Q. You were getting into touch with all the cattle shippers through Major Cairns, that he should cable the Refords in regard to certain matters of detail in connection with the cattle trade, hoping that because they represented some other lines who were in the United Kingdom, they might tell them, and that you would have fulfilled the mission delegated to you by the Dominion Government?

MR. SYMINGTON, K.C.: My learned friend should ask questions, not make statements.

*Mr. Montgomery, K.C.:*

Q. At any rate, that struck you as a candid way?—A. Not at all.

Q. Had you previously received word from those emissaries of yours that these people were unwilling to discuss matters?—A. Who are you talking about?

Q. These people whom you got information from—Mr. Somebody; you have mentioned the Anchor-Donaldson line?—A. Yes.

Q. And several other lines represented by the Robert Reford Company?—A. Yes.

Q. Was this an indirect way of getting behind the door which you claim had been shut?—A. I thought something might be done, if I got Mr. Cairns interested.

Q. What would you think Mr. Cairns would be particularly interested in—developing trade for the Anchor-Donaldson line?—A. He asked me if I had seen the Anchor-Donaldson line and I told him no.

Q. You were at last at close grips with one of these people, the Cairns?—A. Yes.

Q. Did you prepare to give him a frank statement of your case?—A. I had it with me, but I put it back in my pocket; I don't think I left it in there.

Q. Did you mention to him that there was such a document in existence?—A. I had it in my hand, and told him I think that "this is the attitude of the Canadian Government and the Canadian Parliament," and I went over with him *seriatim* every clause in that document, knowing that Mr. Cairns was only interested, as I believed, in the cattle trade, and I went down there particularly to discuss that question with him.

Q. Was Mr. Cairns particularly interested in the cattle trade?—A. He was very much interested in it.

Q. Were they carrying cattle at that time?—A. I understood they were, and that they were some of the largest cattle carriers.

Q. You had been there for some three or four months, and knew all about who were carrying on the trade between Canada and the United Kingdom?—A. In any event, Mr. Cairns, and Mr. Jones, his representative, whom I saw first, gave me to understand that Cairns-Noble were very much interested in the cattle trade.

Q. Naturally they would be interested in anything that was to be carried; but were the Cairns Noble people carrying cattle at that time between Canada and the United Kingdom?—A. I can only tell you that when I saw the Cairns-

[Mr. William T. R. Preston.]

Noble people first, it was some time between the 20th and the 30th of May. I asked Mr. Jones for an interview with Sir William Noble, if he could arrange one for me, and I have here his reply; if you like I will read it.

Q. If it bears upon the case, I have no objection to your reading it. I am going to ask you to read the cable which you sent out, and informed Mr. Cairns you sent to Canada; but I do not care about that. You can read it or not if you like.—A. It is addressed to me, from Cairns, Noble & Co. Limited.

“London, 30th May, 1924.

Dear Sir,—confirming interview with you, we have been endeavouring to fix an appointment with Sir William Noble, but although he is in town to-day we very much regret that there are so many engagements already fixed that he was unable to spare the time for a further appointment. We would, however, like to have further conversations with you in regard to the carriage of cattle from Canada and should therefore be glad to hear when it would be convenient to you.”

Q. Did you not want to see whether their interest in the thing could not be so altered that they might get into the carriage of cattle with the boats they had?—A. That was one phase of it.

Q. In other words, that they were not interested in the carriage of cattle with the then boats, but if certain changes were made in the regulations, they might get interested in it?—A. They were very much interested in it, both Mr. Cairns and his manager, and discussed the terms, and the payment of five dollars, and contract for 12 months, and the Government to have some control over the allocation of space.

Q. And they wanted to find out whether the regulation could be so altered as to make the trade attractive to them?—A. Yes.

Q. That showed that it was not at that time?—A. I think it was. He did not say they would not do it, but he said he thought the Canadian regulations ought to be enlarged so that a greater number could be carried in a given space.

Q. I see. Now you have not mentioned Furness-Withy. They are very large cattle carriers?—A. No, I have not mentioned them.

Q. Did you go near Furness-Withy?—A. No, I did not.

Q. Did a little bird whisper to you that they were not willing to talk to you?—A. No.

Q. Then why did you omit coming into contact with them?—A. Because the friend of whom I told you a few moments ago, made enquiries for me, and he told me it was no use wasting any time with them.

Q. So we have everybody except Cairns-Noble eliminated, because a friend of yours told you there was no use wasting time with them? Is that the purport of your report?—A. No, you have got Mr. Allsop of the Royal Mail Steamship Company.

Q. I thought we had settled that he was not interested.—A. You may have it settled, but it is not settled in my mind.

Q. My enquiry was whether they were engaged in the St. Lawrence trade, and you told us no.—A. I did not say anything about the St. Lawrence trade, Mr. Montgomery. I said the Canadian trade.

Q. Then to come back. When did Major Cairns see that you had in your hand a document which purported to state the position of the Canadian Government?—A. I cannot tell you whether he did or not, but I made it very plain to him what the situation regarding the Canadian Government was. Very plain.

Q. Well now, surely he would have displayed some curiosity about it; he had a large and important line running into the Canadian ports?—A. I thought so.

Q. Would he not be interested in finding out what the Canadian attitude was?—A. I think he was interested, a very great deal.

[Mr. William T. R. Preston.]



Q. But he would have known, if there was anything like this frank and candid statement before him.—A. I told him everything that was in it.

Q. You told him everything?—A. Absolutely, everything.

Q. Why not have left him a copy? You had a dozen copies.—A. I could not tell you at the moment. I might just as well as not.

Q. "I presented the following memorandum to those with whom I came in contact in this matter."—A. Yes.

Q. You came in contact with Major Cairns?—A. Yes.

Q. Did you present him with that memorandum?—A. I was under the impression that I had. I won't be positive now. He was very much troubled about something else.

Q. He was the only one so far that you have been able to mention?—A. What is the use of you saying that. I have told you about Lord Kysant.

Q. Surely you could remember such an important thing, as to whether or not you presented this document, drawn up with such care, to Major Cairns?—A. Not when I told him all that was in it.

Q. Now you have referred to a cable which you informed Major Cairns you had despatched to the other side. Would you mind reading it? Bearing upon the nature of the negotiations that you were then having.—A. Perhaps I had better read my letter to the High Commissioner first?

Q. I am not asking you to read that.

The CHAIRMAN: No, just read exactly what Mr. Montgomery asks.

The WITNESS: This is from the High Commissioner.

*By Mr. Montgomery, K.C.:*

Q. First, was the cable prepared by you, Mr. Preston?—A. Well, I would not be certain.

Q. I have it here what you telephoned that you had sent. I was wondering whether it was your cable or not.—A. I left it; it may have been drawn up there when we were all sitting together; or dictated; I cannot tell you at the moment. It is dated London, June 6th, 1924:—

"Referring to code cable twenty fourth May Preston's negotiations with Cairn Noble Company look favourable for arrangement on lines your cable (stop) Parties want contract for one year (stop) Shipments from Montreal in summer and Portland in winter (stop) Reasonable assurance weekly consignments and slight amendments to regulations governing number stalls on each vessel (stop) Company claims that Argentine consignments permit forty per cent larger number on ship than Canadian regulations allow (stop) Reford Montreal will give you reasons for amending regulations to permit increased number on ships."

Signed, "Dominion."

*By the Chairman:*

Q. That is addressed to whom?—A. That is addressed to the Minister of Trade and Commerce.

Mr. SYMINGTON, K.C.: I suppose you had better put that in now that it has been read.

Mr. MONTGOMERY, K.C.: I have no objection, if you like. Or read it in.

*By Sir Eugene Fiset:*

Q. It is signed "Doninion" therefore it was coded in the High Commissioner's office.—A. It was coded in the High Commissioners office.

Mr. MONTGOMERY, K.C.: It is practically the same as the one I have here.

[Mr. William T. R. Preston.]

Sir EUGENE Fiset: It is signed "Dominion"; Therefore signed by the High Commissioner. Therefore it is not Mr. Preston's cable.

*By Mr. Montgomery, K.C.:*

Q. My note on this, Mr. Preston—you can correct me if I am inaccurate—or Major Cairns' note: after our conversation Mr. Preston telephoned to say he had sent the following cable to Canada. Then following on with the words you have read—

Sir EUGENE Fiset: The conclusion is that this cable was not sent by Mr. Preston. It was handed into the High Commissioner's office and signed "Dominion" and addressed to the Minister.

The WITNESS: And the basis of it was a letter which I had written to the High Commissioner.

*By Mr. Montgomery, K.C.:*

Q. Whether signed as the General has said or not, I presume it contained the gist of what you had informed the High Commissioner?—A. I think it ought to go in.

Q. Whether it was dictated by you or on your information, is not of any great consequence, but it does set out what you concede as the status of your negotiations with Major Cairns at that time?—A. In connection with this letter supplementing it.

The CHAIRMAN: Do you want to put the letter in?

Mr. MONTGOMERY, K.C.: If the witness wants to read the letter, he may.

The CHAIRMAN: He thinks it would show the situation better. So read the letter.

The WITNESS: (Reading):

"Re Ocean Rates on Cattle;

Dear Mr. LARKIN:—I have spent the last two or three weeks giving particular attention to this question. In the early part of my conversations with Messrs. Cairn Noble & Company I must admit I got no encouragement to my request for more favourable rates and some permanency in rates on cattle. Yesterday, however, at the conclusion of two or three interviews with the officials of the company and finally with the principal member, I think I reached a basis upon which a favourable arrangement is possible

First, the rate from Montreal in summer and Portland in winter not to exceed \$15.00 per head, \$10.00 to be paid by the shippers and a subsidy of \$5.00 each by the Government, the port of debarkation to be Dundee, and also Newcastle in the event of negotiations being successful with the port authorities at Newcastle to dredge the sand which has accumulated in front of the cattle docks there so that the docks will be available. Then, that the contract shall be for one year, that shipments shall be made weekly, that the Government will permit a slight modification in the regulations so as to allow a slightly larger number to be carried by each vessel. The company claims that vessels carrying cattle from the Platte on a thirty-day trip are allowed to carry about 40 per cent more than is permitted under the Canadian regulations in vessels of equal capacity.

Refords of Montreal, the company's Canadian agents, are in a position to discuss with the Department of Trade and Commerce this

[Mr. William T. R. Preston.]

particular phase of the question. The only point, therefore, to discuss with Refords of Montreal is the question of the number to be allowed on each vessel, and of course it must be made one of the conditions of the subsidy that the Government or its representative shall have absolute control of the capacity of each vessel so that no syndicate can step in and get control holding the shippers up for an increased rate beyond the \$15.00.

Yours very truly,

(Sgd.) W. T. R. PRESTON.

P.S. I find by enquiries at the meat market that there is much more likelihood of Canadian beef being profitably marketed if there is a constant and regular arrival of consignments."

*By Mr. Montgomery, K.C.:*

Q. Now in your cable that you sent to the other side, there is a reference to the comparative rates or conditions with regard to the carriage of cattle from the Argentine, is there not?—A. Yes.

Q. Now I invite your attention in that connection to page 22 of your report which commences: "Appeals to Carriers useless."—A. Yes.

Q. I assume we can take it that that refers to your interview with Major Cairns?—A. Yes.

Q. And to no one else?—A. No person interviewed or anybody else?—A. No.

Q. Did you ever go back and see Major Cairns after sending that cable?—A. I did not go back to see him, but I was in communication with his manager, on several occasions.

Q. Who was that?—A. Mr. Jones, I presume. I asked for Mr. Jones over the telephone.

Q. You communicated over the telephone with Mr. Jones?—A. Yes.

Q. You never went back to speak to Major Cairns about it?—A. No.

Q. He never saw you again?—A. He never saw me again.

MR. DUFF: He sees him now.

MR. MONTGOMERY, K.C.: He has been seeing him.

MR. DUFF: You said he never saw him again.

MR. SYMINGTON, K.C.: Tell him why you did not see him. What is the use of wasting time.

The WITNESS: I did not see him because I telephoned for three or four days in succession asking him if he had got any word from the Refords in Montreal, and the reply was "Nothing."

*By Mr. Montgomery, K.C.:*

Q. And you have since learned?—A. I since know that he had a reply.

Q. You have since had the reply or learned of the reply that he did get?—A. I since know that he had a reply, yes.

Q. Delicacy does not permit mentioning that?—A. No, you had better not.

MR. SYMINGTON, K.C.: Apparently Mr. Preston's intuition is right, although he had not seen the reply.

The CHAIRMAN: Go on Mr. Montgomery.

*By Mr. Montgomery, K.C.:*

Q. If you did not hear anything further from Major Cairns, did you hear anything further from the Government at home in regard to changed regulations, that you communicated to him?—A. No. There was no occasion for hearing anything from them.

[Mr. William T. R. Preston.]



Q. You were suggesting certain changes in the regulations?—A. Yes. At least I don't know whether the High Commissioner heard. I did not. My letter went in to the High Commissioner and I don't know whether he communicated with Ottawa.

*By Mr. Montgomery, K.C.:*

Q. Then when you say that, "no satisfactory results were arrived at in my personal interviews with representatives of the principal cattle carriers in England," I can take it that we have had your story, then?—A. You have had my story, yes.

Q. And you are unable to tell us whether the Donaldson line were carriers of cattle at that time, as far as Canada was concerned?—A. The Donaldson line?

Q. I beg your pardon, the Cairns line?—A. I understood the Cairns line was carrying cattle, and Major Cairns discussed it with me as though they were absolutely in the trade.

Q. "The explanation is simple,—Combine and Monopoly," the last two words with capital letters.—A. Yes. I think that expresses it pretty well.

Q. And what you have told us of your own conversation with Major Cairns justifies that?—A. Yes, quite so.

Q. Although he had asked you to find out about the regulations and was apparently very much interested?—A. When I got to Ottawa and learned nothing had been done I saw the situation.

Q. So that justified your use of the words "Combine and Monopoly" with capital letters?—A. I think so.

Q. "The expressed fear that the western Canadian cattle industry might disappear had no effect whatever." Did you find that in your interviews with Major Cairns?—A. No, I found the contrary; I found Major Cairns very anxious to make the arrangement.

Q. And you are telling us here that that was in connection with Major Cairns, "the expressed fear that the western Canadian cattle industry might disappear had no effect whatever." Who was this adamant person that you expressed that fear to?—A. The things that came on afterwards; there was nothing done.

Q. You are speaking then.—A. I am speaking of December, after I returned home.

Q. But you had forgotten all about this long before December?—A. I have not forgotten it yet.

Q. We will judge for ourselves whether the report is justified or not. We know now that you have told us your account of your conversation with Major Cairns.—A. Yes.

Q. "I pressed for a reasonable and fixed rate for twelve months." I put it to you that it was Major Cairns who wanted to get an arrangement for twelve months, in order to warrant them in fitting out vessels, and not that you were doing the pressing.—A. No, I said of course, that there was no possibility of an arrangement being effective unless it was for a period, and I fixed twelve months as the least that it must run. We both figured out what it would cost the government if the figure ran up to one hundred thousand a year.

Q. And Major Cairns was not interested as to a period is that it?—A. He was very much interested.

Q. But you were the one who was doing the pressing. You say, "I pressed for a reasonable and fixed rate for twelve months," you know.—A. I did.

Mr. DUFF: Preston was doing the pressing.

Mr. MONTGOMERY, K.C.: He was the press gang all by himself.

[Mr. William T. R. Preston.]

*By Mr. Montgomery, K.C.:*

Q. "But all to no purpose." That is correct?—A. Yes, all to no purpose. Finally, of course, we knew nothing had been done.

Q. "That fact, also that Argentine cattle only cost 50 per cent more than the Canadian rate, although it was a 30-day passage from Argentine to Europe, (6294 miles) instead of 10 days as in the case of Canada, carried no weight in the discussion." Is that your suggestion as a fair summary of your talk with Major Cairns?—A. I have told you, Mr. Montgomery, that I think if Major Cairns had been left alone he would have entered into a contract then and there with the government. He was anxious to do it, and was very desirous of doing it.

Q. What I want to find out is whether you put that up to the Cairns company or Major Cairns as a reason why the cattle rate should be reduced, or whether Major Cairns compared Argentine conditions with Canadian conditions, and drew your attention to that.—A. I knew Argentine conditions.

*By the Chairman:*

Q. That is not the question. Can you answer the question?—A. I do not know that I quite catch the question.

*By Mr. Montgomery, K.C.:*

Q. Your inference is that you put up the fact that the Argentine cattle only paid 50 per cent more than Canadian cattle, and it carried no weight in the discussion.—A. I did not say that.

Mr. SYMINGTON, K.C.: He says, "the fact." He did not say he put it up.

*By Mr. Montgomery, K.C.:*

Q. We have a right to infer something from the fact that this important fact carried no weight in the discussion. What do you mean by that?—A. It carried no weight eventually, but not at the time. At the time it carried considerable weight.

Q. I would like you to tell me if this is not the real truth, namely that Major Cairns drew your attention to the difference in the conditions under which Argentine cattle were carried?—A. He certainly did.

Q. And did the best he could to invite your attention to the Argentine cattle carriage question?—A. Now that you speak of it I think I raised the question of the rate with him first, and then he told me that they could carry, under the regulations, a much larger number from the Argentine than they could from Canada.

Q. Did he also tell you that under the Argentine arrangement the shippers paid the entire cost of the fittings for the cattle?—A. I could not tell you; I would not say.

Q. Well, before drawing this comparison between Canadian and Argentine rates, did you investigate that to see whether the conditions were the same?—A. No, I did not.

Q. Did he draw your attention to the fact that the shippers paid the entire cost of renewals of stalls?—A. I have no recollection of that being brought up at all.

Q. You have been present here in the committee while the cattle evidence has been given by Mr. Doherty and others?—A. I have.

Q. You have seen that those are two of the largest items in the entire expense?—A. I have heard something about it.

Q. And if your attention was drawn to that, would it not have been fairer to draw attention to the fact yourself that conditions were not the same?—A. I could not tell you, I have no recollection of that point coming up, Mr. Montgomery.

[Mr. William T. R. Preston.]

Q. Did he tell you the victualling was all paid for by the shippers?—A. No. I have no recollection of that question coming up at all.

Q. Before making this rather invidious comparison between cattle rates, Argentine—U.K. versus Canada—U.K., did you take any steps to inquire as to whether the conditions were comparable?—A. I found that the conditions of carrying so many cattle from Argentine were not satisfactory at all. My memory is quite clear on that, because just about that time a shipload of cattle had come in from Argentine destined for London, I think, and they had to go on to the continent somewhere, because foot and mouth disease had broken out. I remember that came up.

Q. What inference did you intend the public of Canada to draw from the statement, "The fact, also, that Argentine cattle only cost 50 per cent more than the Canadian rate, although it was a 30-day passage from the Argentine to Europe, instead of ten days as in the case of Canada, carried no weight in the discussion."—A. Just exactly what it says, that nothing came of our discussion.

Q. Did you not intend the public to get the inference that there was some unfairness in that?—A. I cannot accept your view of it.

Q. And you did not intend to suggest in your representations of the respective mileages and the rates that Canada was being unfairly discriminated against in the carriage of cattle, as compared with that other large cattle growing country, the Argentine Republic?—A. I did intend to say that Canada was being discriminated against. I intended to convey that view.

Q. So that was intended; this paragraph was intended to give the inference that Canada was being unfairly discriminated against as compared with the Argentine?—A. Yes.

Q. Then, if you intended that impression to be conveyed, do you not think it would have been fair at least to the carriers to refer to the difference in conditions under which cattle were carried?—A. I refer to them there.

Q. What do you refer to?—A. I refer to the carrying of a larger percentage—I thought there was something in there about carrying a larger percentage.

Q. I would like to know if there is anything you can say in justification of your inference. I would be glad if you could find it there.—That is my report. I thought Canada was unfairly discriminated against.

Q. You have assumed or stated some comparison between Argentine and Canadian cattle rates?—A. Yes.

Q. And you have told us quite frankly that you intended the public to infer that there was an unfair discrimination?—A. Yes.

Q. You have told us also that you were aware that you read a report that the conditions were not the same?—A. I have not said anything of the kind.

Q. You have told us they were allowed to carry a much greater number of cattle in the same space.—A. They were allowed to carry more cattle, but it seemed to be rather prejudicial against the cattle they were carrying, of course. My report is quite clear. I believed then and I believe now that the 6,000 miles in one case and the 3,000 miles in another and the rate given to me as correct is a discrimination against Canada.

Q. You must remember that you are making this report with great reluctance. You tell us so in your report.—A. I do not say I am making all the report with reluctance; I am presenting my opinions with some reluctance.

Q. I do not want you to overlook the feature of reluctance that you emphasized.—A. I think you will find it there.

Q. You remember that paragraph in your report where you speak of the reluctance with which you are compelled to say these awful things you do say?

The CHAIRMAN: "It is with a measure of reluctance that the writer finds it necessary to express this opinion. But a sense of responsibility

[Mr. William T. R. Preston.]



to the Parliament of Canada, the government, to agricultural and industrial interests, and to the great struggling masses of this Dominion, demands an honest, frank and fearless expression of opinion in regard to the extremely serious nature of the question at issue."

Mr. SYMINGTON, K.C.: This information being in the paragraph in front.

Mr. MONTGOMERY, K.C.: That is the paragraph.

*By Mr. Montgomery, K.C.:*

Q. Mr. Symington suggests that your measure of reluctance was confined to the paragraph in front, and that there was no reluctance about the rest of the report. Is that correct?—A. I think the measure of reluctance is the general expression of opinion about it. But read the whole of it.

Q. No, I do not want to bother reading the whole of it.

Mr. SYMINGTON, K.C.: Read the report and learn something.

The WITNESS: Read the whole paragraph.

*By Mr. Montgomery, K.C.:*

Q. I was only interested in finding out whether I had perhaps given that too wide an interpretation, whether you only referred to the preceding paragraph?—A. No, I refer to very much more.

Q. Then let us see. Was it with a measure of reluctance that you made the whole of the report?

Sir HENRY DRAYTON: Mr. Chairman, when do we meet again?

The WITNESS: What was the question?

The CHAIRMAN: It is 6 o'clock, gentlemen. We will re-assemble at 8.30.

The witness retired.

The committee adjourned.

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COMMITTEE ROOM 276,

HOUSE OF COMMONS,

TUESDAY, May 12, 1925.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum, so we can proceed.

WILLIAM THOMAS ROCHESTER PRESTON recalled.

The WITNESS: Mr. Chairman, before Mr. Montgomery commences, perhaps you will pardon me if I make a correction in my evidence. At dinner-time the thought struck me that I had a very faint recollection of a Journal reporter asking me for an interview, and I think I spoke somewhat hastily this afternoon, but certainly I did not recall the circumstances at all at the moment, of the interview referred to by Mr. Montgomery. If the article in the Journal says it is an interview with me, I accept the correction.

*By Mr. Montgomery, K.C.:*

Q. Mr. Preston, at the adjournment this afternoon we were discussing a comparison which you made on page 22 of your report between cattle rates to the Argentine and cattle rates to the United Kingdom, and you will recall I was suggesting to you that if it was intended as a comparison in a sense invidious to the Canadian rates, if there were points of difference between the

[Mr. William T. R. Preston.]

two services, they should, in fairness, have been called to our attention, and I was asking you whether you were aware of the difference in the number of cattle that could be carried on the same boat under the Argentine regulations, as contrasted with the Canadian regulations, and I think you told me you were aware of the fact—A. I am only aware of it from what Major Cairns stated.

Q. And you did not think it necessary to make reference to that?—A. No, I made no reference to that.

Q. Now, Mr. Cairns, when discussing this question with you, would surely have pointed out to you the other features in which the service rendered differed, such as the proportion of the expenses undertaken by the shipper from the Argentine in connection with cattle fittings?—A. I do not remember that point being raised, Mr. Montgomery.

Q. Nor the repairs to the stalls?—A. No.

Q. Or the voyage repairs after each voyage?—A. No, I do not remember these points being raised.

Q. Or the victualling of the crew?—A. No.

Q. And when I say "crew," I mean the cattle attendants—A. I know what you mean.

Q. Or the return fare of the cattle attendants, which is assumed by the Argentine shippers?—A. No, I do not remember these points being raised at all, Mr. Montgomery.

Q. Now, if you were discussing all these things—as evidently a comparison between the two rates was the subject of discussion between you—it seems strange to me that Major Cairns would not call your attention to these differences?—A. I am only giving you my recollection of it.

Q. In any event, you do know of the differences in the regulations for the carriage of cattle?—A. That is evident by my correspondence with the High Commissioner.

Q. But not in your report here?—A. No, that point is not raised in my report.

Q. Now, my instructions are that Cairns-Noble, while they were not carrying cattle, were extensively in the Canadian trade as regards other freights. You were aware of that, were you not?—A. I knew they were general freight-carriers, but my attention was more particularly attracted to the cattle phase of it.

Q. In fact, that is the one subject you discussed with them?—A. No, I would not say that.

Q. What else did you discuss?—A. I discussed the general situation of freight questions.

Q. Did you tell them that the shippers in Canada were complaining about the high rates of freight and other things?—A. I certainly told Major Cairns that.

Q. That you had adopted a policy—just a moment, please, so I will not be confused in my recital—

The CHAIRMAN: What page is that, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Page 11.

*By Mr. Montgomery, K.C.:*

Q. "The arrangement with an independent steamship company with governmental assistance and governmental control over rates"—A. Yes. I said that the Government had quite made up its mind that it must do something along that line, and I referred to the action of the McMaster Committee, and the fact that the report of the McMaster Committee was passed by an unanimous vote in the House.

Q. But the "frank statement" you did not give him, as you told us this afternoon?—A. I cannot remember having handed him one. I know I had one in my hand while I was discussing the matter with him.

Q. Now, in view of all of that, your conversation with him, and judging from your letter to the High Commissioner, and the cables which were exchanged, you seem to have been on a very friendly plane?—A. A very friendly plane.

Q. There was no suggestion of threats about it, or anything of that kind?—A. Nothing at all.

Q. Do you not know that in the ordinary course of affairs he would have been considerably disturbed if there had been the suggestion that affairs were so bad that the Government were going to arrange with an independent steamship company to fight the rates?—A. I cannot tell you what his views were; they were not expressed to me.

Q. You were aware of the cable he had sent to the Refords?—A. No; I did not see the cable he sent to Refords. I only knew the nature of what he intended to say.

Q. But there was a suggestion in that cable that there had to be something done at once, because there was likely to be trouble?—A. No. The suggestion was, as between himself and myself, that he would cable at once for the Refords to go to Ottawa at once.

Q. Do not confuse the two things, Mr. Preston—A. I am not confusing the two things.

Q. That was in reference to cattle rates?—A. Yes; I thought we were discussing that.

Q. I am passing from that to the general freight situation—as to whether or not you took up with them in any way either the complaints or suggested action in respect to the general freight situation?—A. I certainly told him what the Government intended doing along the line of controlling rates—controlling the general rates for freight.

Q. And you did not find it extraordinary that in his cables to his Canadian agent, he made no reference to that, directly or indirectly?—A. I did not draw up his cables.

Q. I tell you frankly, Mr. Preston, that my instructions are quite the contrary.—A. I do not care what your instructions are. I am quite prepared to discuss the matter under oath with Mr. Cairns.

Q. My learned friend wishes me to draw your attention to this cable:

"Preston, accredited Canadian Government agent, studying economic propositions of trade between Canada and the United Kingdom, has cabled Minister Trade and Commerce, Ottawa, to see you regarding amendment cattle stowage regulations."

That was the subject which was under discussion, was it not?—A. That was one of the subjects.

Q. "Please get in touch with Ottawa discuss any scheme whereby our ships would carry more cattle than present regulations. We are negotiating with Preston carriage cattle over yearly periods. Dundee."

So you know that there was a question of the difference in the number of cattle between Argentine and Canada?—A. I have already stated so.

Q. We agree, do we not, that the cable rates are entirely on cattle?—A. Cattle and its associations, of course.

Q. You found no aversion on the part of Mr. Cairns to discuss a special deal in respect to cattle without reference to any conference or combine on cattle, with or without cattle?—A. I think he said that Sir William Noble had recently returned from the Conference.

Q. Notwithstanding that fact he was apparently quite willing to discuss—A. I thought he was very willing, very anxious to make an arrangement.

[Mr. William T. R. Preston.]



Q. That was the last conversation you had with him?—A. I only had one with him, unless he answered the 'phone—I am not sure about that—when we were discussing the copy of the cable that I sent to Ottawa or that the High Commissioner sent.

Q. Now the last line, Furness Withy, which includes all the Manchester Lines and other Lines, I think you have already told us that you never went near one of them?—A. I never went near the Furness Withy Lines.

Q. Or any of the Lines managed by Furness Withy?—A. No, those that I have not mentioned, I had nothing to do with; that is personally.

Q. Now, that carries us on, I see to the fifth day of June or the sixth day of June, which I think is the latest date mentioned. You had up to that time been on the other side since the twelfth of March, I think you said?—A. I think sometime around the twelfth of March, somewhere about there.

Q. And you had not seen any of the other carriers of which you have been speaking?—A. I did not see any of the carriers? Pardon me, I talked to the North Atlantic Conference carriers.

Q. Then I take it your endeavours led you to lines outside the North Atlantic Conference?—A. Yes, certainly.

Q. And that you did not negotiate with existing lines but went elsewhere?—A. I went outside the North Atlantic Conference, yes.

Q. Then I take it from that, as a natural inference, that you did not negotiate with any of the lines who were in the service other than the ones whom you have mentioned?—A. The Royal Mail Steamship Company and the Cairns Noble, and Company.

Q. I think we were agreed that the Royal Mail Steamship Company only touched Canada at Halifax as an incident to a subsidy contract they had with the West Indies?—A. No. We are not agreed on that at all.

Q. We are at least agreed that they had nothing to do, for instance, with the St. Lawrence trade?—A. I do not know that they had anything to do with the St. Lawrence trade.

Q. My dear sir, you were over there long enough to tell us?—A. I do not know that they had anything to do with the St. Lawrence trade, but I knew they had something to do, that they were negotiating, wanting the door opened for handling the immigration trade in Canada, and I understand from both Lord Kysant and Manager Allsop that they were in the North Atlantic Conference.

Q. Have you been able to verify whether Lord Kysant, who is president of the Harland and Wolff Company—that that is the company which built the Petersen boats?—A. I have not.

Q. You have not looked at the contract?—A. No, I have not looked at the contract and I have not asked Sir William Petersen either. I have a list of other steamship lines which Lord Kysant is interested in, if you are interested in knowing.

Mr. SYMINGTON, K.C.: You will find he is interested in everything.

The WITNESS: Yes, he is; very widely.

*By Mr. Montgomery, K.C.:*

Q. I take it from your account, which I would gladly pass you if you want to refresh your memory about anything, that you landed at Plymouth on the eleventh of March and went to London?—A. It was the eleventh or twelfth. As soon as the boat got there I reached there.

Q. On the 31st of March you apparently went to Worthing?—A. Yes.

Q. I do not want to go into any personal matters.—A. It is not personal at all.

Q. Had that anything to do with the case?—A. It had to or it would not be charged in that account.

[Mr. William T. R. Preston.]

Q. I would assume it would not?—A. You are quite right in your assumption.

Q. Have you any objections to stating what your trip to Worthing was about?—A. It was about business I went over there on. I have decided objections, as I explained to the Committee, to mention the names of any persons with whom I had contact, either through whom I got any information, or anything about them for the reason I have given.

Q. We would be glad to let the matter rest there where it not for the fact that the information you have set out in your report, you have told us was not obtained personally as a result of contact with any of the interests involved, but from somebody whose name you do not want to disclose?—A. If you are going to take my report, you have no right to place that construction on it.

Q. I have taken your own statement.—A. With regard to getting in touch with certain interests overseas that does not apply to all the information in my report.

Q. I am principally interested in any information which concerns the clients who are here, whose interests are placed in jeopardy here, and you have told us that all the information you have set out in that report was obtained from other people whom you did not see yourself at all?—A. I did not say anything of the kind. If I did I made a huge mistake. I don't think I said anything of the kind.

Q. You still adhere to the statement that you saw none of the people whose claims have been mentioned in this inquiry other than Cairns Noble?—A. I told you so.

Q. And that your information as regards all the others was obtained from somebody else?—A. Speaking about the companies themselves, not speaking about the contents of my report. Let us be very clear on that.

Q. Will you be clear about this, so far as your report deals with the attitude of the companies in the North Atlantic Conference, your information was entirely obtained from outside sources and not through any conversations with them?—A. In certain particulars.

Q. If there are any exceptions to that please tell us. I will have to take it up in all parts?—A. If you will allow me to answer, I will try to make it plain to you. In so far as the relation of the shipping companies one to the other, as to whether they were in the Conference or out of the Conference, or likely to stay in the Conference, or whether they could be persuaded to come out of the Conference, my inquiries, through other parties, was largely directed to that point.

Q. As to their attitude in regard to rates you made no inquiries?—A. Well, yes, I made inquiries, because I published some of the rates here.

Q. You made inquiries as to what the rates were or had been?—A. Yes.

Q. As to their attitude in respect to rates, if there was any complaint about them you made no inquiries from any of the companies?—A. No, I made no inquiries. Allow me to answer.

Q. Go ahead and answer by all means.—A. In regard to complaints that were alleged or that were being made in this country regarding rates, I did not raise that question over there; only as to the general rates being so high that they were detrimental to the development of the country.

Q. They had not the privilege of combing the Departmental files or possibly they would have known of some of the complaints which you set out in the report?—A. At that time I did not have the pleasure of combing the Departmental files either.

Q. I see. You had it later?—A. Yes, I had it later.

Q. Then, I might take it, that you took no steps to advise them of the existence of any such situation or the object of your mission?—A. Only in regard to the two I mentioned.

[Mr. William T. R. Preston.]

Q. Please get it down to one, because as far as I know the Royal Mail Line is not a subject of this inquiry?—A. Well, I am telling you of the conversation I had with Lord Kysant and of his interest in Canada and the part that his old officials were taking regarding our Canadian trade and all that sort of thing, that I went to see him and discussed the whole Canadian position very fully with him.

Q. You told us Mr. Allsop was his manager?—A. Yes.

Q. Did you deliver to Mr. Allsop— —A. I did.

Q. What?—A. I delivered him that memorandum.

Q. You anticipated that?—A. Yes, I anticipated that.

Q. You gave it to Mr. Allsop?—A. I gave it to him in the Liverpool Street Hotel when we were having lunch.

Q. My instructions are that Mr. Allsop says you spoke to him only once and that you did not give him a copy of the frank statement?—A. Mr. Allsop cannot possibly say I spoke to him only once because I met him with Lord Kysant in his own office and I took lunch with him in the Liverpool Street hotel, where we conversed from one o'clock until five o'clock.

Q. If you did not see these people and learn their attitude, we want to know how reliable your information was, and I want you to tell us about that, where it came from, so that we can judge as to the reliability of it.—A. The evidence that I am giving you in regard to these people whose names are mentioned, other than Lord Kysant and Cairns Noble, is that they could not be persuaded to break away from the Conference.

Q. You have told us that several times. I want to know who the people were, and whether they were people whose authority we would accept for a statement of that kind?—A. I will not tell it and I take all responsibility for it.

Q. You did not tell the Minister or his colleagues that that was second hand information you were passing on?—A. The Minister did not ask me.

Q. So you did not think it necessary to make any mention of it in your report?—A. No.

Q. Well, we are hearing now—we have learned for the first time that it was not your personal information but second hand information. I must ask you again for the source of that information so we can judge of its value?—A. You can judge of its value. You can hold me responsible for it.

Q. It is not a question of knowing the value of information which has been scattered broadcast throughout the Dominion and other places?—A. You know whether it is very true, whether these people would come into the Conference or stay out of it.

Q. I am asking you again for the sources of your information?—A. I decline to give it to you for the reason I gave this afternoon, and you know all that means as well as I do.

Q. I do not know how we are to judge of the value or work of the Preston report, if any value is to be attached to it unless we know the source from which this information was obtained which has been handed out.

MR. SYMINGTON, K.C.: Why do not you get into statement of facts that are of some value?

THE CHAIRMAN: Supposing it is true that the man who may have been connected with one of these lines gave certain information to Mr. Preston and if Mr. Preston divulges his name that man will lose his position, shall we force Mr. Preston to divulge the name?

MR. MONTGOMERY, K.C.: In the first place the witness has never made such a suggestion, that it was a person connected with any one of the lines. I do not know whether he will accept that suggestion now or not. Unless the witness gives some reason, such as you suggested, I do not know why he would

[Mr. William T. R. Preston.]



be unwilling to give the Committee the source of the information so that the Committee may judge of its value, and whether he was justified in making a report or not.

The WITNESS: As to whether any one of these people would come out of the Conference or were persuaded to stay in.

Q. I think possibly they would be the best ones who could speak as to that?—A. They have already spoken. They have refused the Government offer.

Mr. SYMINGTON, K.C.: Here is a report full of statements, full of accusations. He has been asking the whole afternoon as to whether Mr. Preston got his information directly or indirectly or whether he got it from a third party or whether it is important or not.

Mr. MONTGOMERY, K.C.: These companies have been pilloried by the witness, by his reports and made to show that they were adamant, that they refused to do this and refused to do that, and were not at all impressed by his piteous statement as to the state Canada was being forced into and so on, when he never went near them. I do not intend to go over all these statements; I will group them. I want to take all the statements in so far as they refer to the attitude of the lines, and the attitude of the lines plays no small part in this report. Now, if he says that he did not learn from the Lines themselves what their attitude was, he learned from some other person; and I think in justice to the Lines we have a right to know who that other person was, and whether it was a trustworthy source of information or otherwise.

The CHAIRMAN: My opinion is that the Liners are entitled to know, if Mr. Preston was acting not upon his own information but upon that afforded him by some one else, who those other people are.

Mr. MONTGOMERY, K.C.: Thank you, Mr. Chairman.

The WITNESS: Yes. The objection that I have taken to giving the names is not in regard to the point raised by Mr. Montgomery at all. I have tried to make it very plain that the only information I was looking for was, regarding the attitude of the Lines, as to the likelihood of their coming out of the Conference at all, and from those parties I got the information that they would not come out of the Conference, and I therefore made up my mind that there was no use wasting time with them. It is not about the general attitude of the combine or conference, as you like to call it. The one particular point which I have tried to make clear during the whole of the time Mr. Montgomery has been asking about that question, is I think clear enough, to me at any rate.

*By the Chairman:*

Q. Unless you have that information under a seal of secrecy, I will have to ask you to divulge the names of those from whom you got your information. I think it is pertinent to the issue. If you say "I got information which I think was accurate," and you decline to give the names of those who gave you that information, you certainly throw a possibility of doubt on the accuracy of the information which you say you have to give to us.—A. Yes, Mr. Chairman, but there is only one point—

Mr. SYMINGTON, K.C.: May I suggest this, sir, that the point at issue is whether those members were willing to leave the Conference for the purpose of discussing rates. That is the whole point. They are here. Were they willing to leave the Conference? There is not, in the evidence that has been given, any information to show that they were willing to leave the Conference. The point

[Mr. William T. R. Preston.]

where Mr. Preston got his information is not the whole thing; the question is, was he right in his conclusion that they were or were not willing to leave the Conference?

The CHAIRMAN: With all due respect to Counsel, I do not think the question is whether it is important or non-important; the question, as I see it—and of course I am in the hands of my Committee, they may not see it in the same way as I do—Mr. Preston says he got certain information first hand, then he got other information not first hand but through the instrumentality of some third party. Now Mr. Montgomery says he wants to know the name of that third party, so that they may judge whether that information was weighty or not.

Mr. SYMINGTON, K.C.: I can quite understand that suggestion, Mr. Chairman, if the information which he got was at all contradicted. The information he got was that they were not willing to leave the Conference. Now, they are not willing to leave the Conference, as I understand it, and there never has been any pretension that they were willing to leave the Conference, and that is all the information the witness says he got.

The WITNESS: Absolutely.

Mr. MONTGOMERY, K.C.: Is that all the information he says he got, in the report?

The CHAIRMAN: I wish you would direct your observations to the Chair, Mr. Montgomery. That is my ruling, and I think it is right.

The WITNESS: The persons whom I asked to assist me in getting the information as to whether these various companies would be inclined, in their judgment, from information which they could get, to leave the Conference, was given to me by people whom I took into my confidence and who pledged me regarding their own personalities, and they are gentlemen of very very high standing.

*By the Chairman:*

Q. When you say they pledged you with regard to their own personalities, what do you mean by that?—A. That I should keep their names to myself. They were looking for one point, and one point only.

*By Mr. Duff:*

Q. Did they tell you they had approached the different steamship companies?—A. Yes.

Q. Those different persons?—A. Yes, in their own way. I did not ask them where or why.

Mr. DUFF: The best way to settle it, Mr. Chairman, as Mr. Preston does not want to give their names, is for the steamship companies to say whether it was them or not.

The CHAIRMAN: He has brought out the only reason which would entitle him to refuse to give their names, therefore we will proceed with other branches of the inquiry.

The WITNESS: They have their own way of finding out. I did not ask them how they did it, but they came to me with such an opinion that I had to accept it, and it is all borne out by the present situation.

*By Mr. Montgomery, K.C.:*

Q. That is what you refer to on the 12th page of your report as a candid discussion of the whole question?—A. No, it is not.

[Mr. William T. R. Preston.]

Mr. SYMINGTON, K.C.: A candid discussion with those he came in contact with.

Mr. MONTGOMERY, K.C.: The witness can answer for himself, I think, fairly well.

I will read the whole paragraph:—

“I thought it better to throw aside all reserve and the usual so-called diplomacy with a view of endeavouring to bring about a candid discussion of the whole question.”

Now I ask you whether you consider what you said was a candid discussion of the whole question, after you had thrown aside all diplomacy?

Mr. SYMINGTON, K.C.: Did my learned friend read the whole paragraph?

Mr. MONTGOMERY, K.C.: I read the whole of the sentence.

*By Mr. Montgomery, K.C.:*

Q. If you have anything to answer, Mr. Preston, you can answer it?—A. I have answered it.

Q. So you have nothing to add; you decline to state what the object of your mission to Worthing was in March, or how it was connected with this report?—A. I have told you it was connected. I went down there to see a gentleman who was getting some information for me.

Q. That is all very helpful. Information about what, as to whether they were willing to leave the Conference?—A. Yes.

Q. Any information as to what their attitude was as to rates?—A. No.

Q. You did not regard that as coming within the purview of your inquiry?—A. Yes, I did.

Q. But not as requiring any candid discussion?—A. Yes, as requiring candid discussion.

Q. That being so, with whom did you discuss it?—A. The Royal Mail Steamship Company, the Cairns-Noble Company and others, non-Atlantic Conference people.

Q. You are aware of the numerous rate reductions which had been made between 1920 and 1924?—A. Yes, and I was aware of the 25 per cent increase on the 31st of March, 1924.

Q. You seem to lay more emphasis upon that than upon the numerous reductions?—A. No.

Q. Did you inquire as to the reasons for that increase?—A. Not over there.

Q. Now, my dear sir, here was something to which you obviously attached great importance, the increase in March 1924; you did, didn't you?—A. Did what?

Q. That it was of very great importance to us?—A. Very great importance.

Q. It was an increase which either was or was not justified; that is obvious, is it not?—A. Presumably so.

Q. The first object of your inquiry would surely be to find out whether or not there were good reasons for the advance?—A. You are probably aware that this increase comes under the New York end of the Conference, not the London end of it.

Q. Then you were aware that the increase did not apply to westbound commodities?—A. No; my attention was directed specially to the details of the tariff and its effect on Canadian industrial life, after I returned from overseas.

Q. After your return?—A. Yes.

Q. Then you had not in mind any 25 per cent increase when you were over there?—A. Well, I knew of it.

Q. Well now, these companies, both those serving New York as well as Montreal, have their head offices very largely on the other side, have they not?—A. Yes.

[Mr. William T. R. Preston.]



Q. And they are represented in New York by agents, as in Montreal?—  
A. Yes.

Q. If the subject of this increase was one of importance, and there was any complaint about it in Canada, why not take it up with the head offices when you were over there, and find out what their reasons were for it, and whether they would be prepared to suggest a reconsideration, if you like, by the agencies on this side?—A. I thought that was a matter entirely to be settled on this side of the Atlantic.

Q. You came back to this side of the Atlantic, and did you settle it?—A. I came back to this side of the Atlantic.

Q. Did you settle it?—A. No, I did not settle it.

Q. Did you go near them?—A. No, I did not.

Q. While we are on the subject of this 25 per cent increase, will you turn to page 23, opposite where you are reading, in this Preston report, under the heading "Absorbing Domestic Concessions." You were there referring to the advantages obtained from the Canadian preference being wiped out or absorbed by the increases in freight rates, were you not?—A. Yes.

Q. I assume that those advantages would apply to westbound traffic and not to eastbound?—A. Westbound, yes.

Q. The question of preferential duties has no reference to eastbound commodities?—A. No, westbound.

Q. To illustrate what you were saying as regards the absorption of the preference, you state:

"The more recent illustration of this is the twenty-five per cent increase in the freight rates on all goods, which took place on March 1, 1924."

A. Yes.

Q. What have you to say about that? Is that correct, or is it misleading?

—A. That of course certainly refers to the increase in freight rates going from this side of the Atlantic to the other.

Q. And not to any of the goods upon which the preference would apply?

—A. No, I think we had a statement of the freight rates coming to this side being also increased. Let me see if I have got it here.

Q. If that is true, let us have it. Mind you, we are talking about a specific increase of 25 per cent on the freight on all goods, that took place on March 1st, 1924.—A. Yes. If you will leave that over until to-morrow I will try to get the figures for you.

Q. Is it your belief now that there was such a flat increase as 25 per cent on that date applicable to westbound goods?—A. I would not say until I have an opportunity of looking at the papers.

Q. And if there were no such increase, that statement would be decidedly misleading would it not?—A. We will discuss it when I see the papers.

Q. I hope we won't forget it. Well, the whole month of March was apparently spent without you going near any of the steamship companies, that is correct, is it?

The CHAIRMAN: If you want to look at your bill, to refresh your memory, you may.

Mr. MONTGOMERY, K.C.: Anything at all you like to look at. At the same time you can look at April if you wish.

The WITNESS: No. March and a good part of April, there seems to be no travelling for half of April; until the middle of April.

*By Mr. Montgomery, K.C.:*

Q. Except to Worthing and Sutton.—A. Yes.

[Mr. William T. R. Preston.]

Q. You have told us that you won't tell us who you went to see in Worthing. Will you tell us who you went to see in Sutton?—A. No. For the same reason, I do not think it would be fair to those gentlemen at all.

Q. But it was to get secondhand information as to the attitude of the lines?—A. No, don't put words in my mouth, if you please. It was to get information as to whether these particular lines would withdraw from the Conference.

Q. Well, secondhand information as to whether they would. Do you object to that?—A. You can call it what you like, so long as you stick to that point of it, that particular item of enquiry.

Q. Well, your journey led you next to Croydon?—A. Yes.

Q. The same answer?—A. The same answer applies.

Q. You went there for the same purpose?—A. Yes.

*By Mr. Shaw:*

Q. What date is that?—A. April 17th I think.

*By Mr. Montgomery, K.C.:*

Q. The Worthing one was on March 31st. Liverpool April 17th. Sutton, the 19th, and Croydon the 20th. I have overlooked Liverpool. I take it your answer will also apply in the same way?—A. The same thing.

Q. You again went to find out the attitude of the lines?—A. Yes.

Q. Some of them had their offices right in Liverpool?—A. Yes.

Q. But you did not go near them?—A. No.

Q. That apparently concluded your English endeavours for the time being, and then I see you packed off to Vienna?—A. Yes.

Q. Also to get information as to the attitude of the lines?—A. To try to.

Q. You were going quite a long way from their home towns, weren't you?—A. Quite so.

Mr. SHAW: What was the date of that?

Mr. MONTGOMERY, K.C.: April 22nd.

The WITNESS: 28th, I think.

Mr. MONTGOMERY, K.C.: Or the 24th. April 22nd-24th to May 1st.

The CHAIRMAN: Is that important?

*By Mr. Montgomery, K.C.:*

Q. I see an entry opposite those particular items that the expenses have been disallowed?—A. No.

Q. If you have an explanation to make, I do not want to give it any misconstruction. It may refer to only one item, or something; it is hard to tell from the accounts.—A. Paid, that is all I know. Oh, that is: "Insurance on Luggage, disallowed, 4/-."

Q. Not regarded as of insurable value?—A. Not regarded as legitimate.

Mr. RINFRET: What are you quoting from?

Mr. MONTGOMERY, K.C.: From the expenses.

Mr. SYMINGTON, K.C.: Mr. Preston's expense account.

Mr. MONTGOMERY, K.C.: It is just to get a diary of the trips, that is all. I am not questioning the expenses.

Mr. SYMINGTON, K.C.: You will find them very small.

Mr. MONTGOMERY, K.C.: I don't know. The next item there is, "Extra train de luxe," and an item for it. I had not intended drawing attention to it.

The WITNESS: I will explain that if you wish. There was no other train going north, and all those trains running out of Austria, there was an extra charge for them.

[Mr. William T. R. Preston.]

Mr. SYMINGTON, K.C.: 17/-.

The CHAIRMAN: By the way, what was the charge for this "train de luxe"; if it comes into the enquiry, what did it cost.

Mr. MONTGOMERY, K.C.: £1. 10/-, Austrian Government travelling tax, £1. 13/- Making £3. 13/-.

Mr. SYMINGTON, K.C.: You cannot hire much of a train for a pound.

Mr. MONTGOMERY, K.C.: I don't know. The low Continental rates you know.

Mr. DUFF: Or the rate of exchange.

Mr. MONTGOMERY, K.C.: You might get a lot on that.

*By Mr. Montgomery, K.C.:*

Q. Then as soon as you got back from Vienna, apparently Worthing was again the object of your journey. I see you were going down there two or three times.—A. Yes.

Mr. SYMINGTON, K.C.: Why does not my friend ask the witness where he went?

Mr. MONTGOMERY, K.C.: It does not do us very much good, except that I want to draw attention to the numerous visits to Worthing, because apparently that was one of the chosen fields of research. As I do not understand that it is a seaboard town—you will correct me if I am wrong—I was wondering why Worthing should be so much sought after.—A. There was a gentleman there I wanted to see.

Mr. DUFF: And he was worth going to see.

The WITNESS: He was well worth going to see.

Mr. SYMINGTON, K.C.: Perhaps to get away from the detective of the C.P.R.

Mr. MONTGOMERY, K.C.: It has been suggested that perhaps you went to Worthing to get away from the detective of the C.P.R.

The WITNESS: I got rid of him long before that.

*By Mr. Montgomery, K.C.:*

Q. And having got rid of him did you go to see Sir George McLaren Brown about him?—A. No.

Q. Chelmsford, the same answer applies?—A. Yes.

Q. Sutton, the same answer?—A. Yes.

Q. That carries us through the month of May.

Mr. DUFF: He was not at Chequers, was he?

Mr. MONTGOMERY, K.C.: I have not found that. Nor Brighton.

*By Mr. Montgomery, K.C.:*

Q. So we have finished now with March, April and May, without anything very direct in the way of an adjustment of freight rates so far as the lines are concerned.—A. So far as the North Atlantic Conference lines are concerned.

Mr. SHAW: May I ask Mr. Montgomery, and perhaps he will ask the witness, whether or not these visits were all for the same purpose, that is, to get information as to whether or not these lines would withdraw from the Conference?

The WITNESS: No, not all for that.

*By Mr. Montgomery, K.C.:*

Q. Then perhaps you will tell us what they were for?—A. Getting introductions to other steamship lines and companies. Getting in touch with other steamship companies.

[Mr. William T. R. Preston.]



Mr. DUFF: Perhaps on a fishing trip.

Sir HENRY DRAYTON: That is our job.

Mr. SYMINGTON, K.C.: I was going to ask Mr. Montgomery to get him to tell us what he did in England and then we would get through quicker.

The CHAIRMAN: I do not want to hamper Counsel in cross-examination. I do think that if this is a fishing trip, it demands of the fishermen infinite patience. I was wondering if we could get on a little faster.

*By Mr. Montgomery, K.C.:*

Q. Well, not to go over all the details, the month of June apparently passed in the same way?—A. No.

Q. I see again our old friend Croydon; and Southampton this time?—A. Yes.

Q. I will come over here so that you can look at your accounts if you wish. (Exhibiting document to witness.) And Glasgow and Liverpool?—A. Yes.

Q. While you were in Glasgow, why not pay a little friendly visit to the Donaldson people?—A. I have already told you that I think that trip was rather to confirm the information that I had got, that nothing could be done with them; and I got it.

Q. Wouldn't it have been such a simple way to confirm it, just to ask them?—A. Very simple, yes.

Q. You prefer the indirect method?—A. No, not by any means. I could have gone to them, but they were not prepared to discuss things.

Mr. DUFF: Was it a voyage of discovery of cargoes?

Mr. MONTGOMERY, K.C.: We are not getting very much details as to what cargo was to be picked up at these different points.

The WITNESS: No, but you are getting what it cost.

Mr. SYMINGTON, K.C.: All the disbursements are there.

Mr. DUFF: All the port charges.

Mr. MONTGOMERY, K.C.: All the disbursements are here, yes, I am quite sure of that.

Mr. SYMINGTON, K.C.: But you never travelled as cheaply as that in your life.

The CHAIRMAN: Now, Mr. Montgomery, if you will just address yourself to the witness and proceed.

*By Mr. Montgomery, K.C.:*

Q. Well, July took us to Antwerp, Brussels, Sutton, Margate, Tunbridge and Southampton.—A. I think on those I was looking for rates. Partly.

Q. We have got off Conference now and are looking for rates.—A. Partly. Partly to get in touch with shipping companies. And I think in June—the latter part of June—I met with Sir William Petersen, if my memory serves me right.

Q. In the latter part of June?—A. Yes.

Q. You got in touch with Sir William Petersen?—A. I think so.

Q. So that we are getting warm now?

Mr. SYMINGTON, K.C.: Look out you don't get a chill.

Mr. MONTGOMERY, K.C.: Probably I will. I have had lots of them.

Mr. DUFF: He was in good company then.

*By Mr. Montgomery, K.C.:*

Q. Then you got some little encouragement?—A. Yes, I did.

[Mr. William T. R. Preston.]

Q. You had known Sir William Petersen before, of course?—A. I had known him for 27 years.

Q. Was he able to tell you anything about the attitude of the Conference?—A. Well, I think he told me a little. Not much that I did not know.

Q. Then you did not learn very much over there?—A. Over there?

Q. Yes.—A. Oh yes, I learned a lot.

Q. Then if he was not able to tell you much that you did not know you apparently had been very busy learning over there up to that time, or else knew it all before.—A. No, I learned a good deal when I was there.

Q. But you covered the ground so thoroughly that by the time you reached Sir William there was not very much he could tell you?—A. No, there was not very much he could tell me.

Q. You did present to him a frank statement of the case?—A. I did.

Q. And had a candid discussion with him.—A. I did.

Q. And did you take up with him your suggestion in that "frank statement" one of your two solutions, an arrangement with an independent steamship company with government assistance and government control over freight rates?—A. Not at first.

Q. Not at first?—A. No.

Q. Where did you search him out?—A. Where did I search him out? I think first by writing, subject to correction, to his office, and he was away. I got an answer in a week or ten days and then I went to 80 Portland Place, Sir William Petersen's residence.

Q. That was in the early part of June, you say?—A. No, I said the latter part of June, said so very distinctly.

Q. And from that time on am I to take it that your time was spent pretty well with him?—A. No.

Q. You were over there from June to October?—A. I was there from June to October, yes.

Q. I am quoting to you from another interview with the Press, which you are alleged to have given.

Mr. RINFRET: What paper?

Mr. MONTGOMERY, K.C.: The *Toronto Star*. It is indicated as such in pencil at the top.

The CHAIRMAN: Did the committee men hear what was said? This statement was found in the *Toronto Star*.

Mr. MONTGOMERY, K.C.: I take it it is the *Toronto Star*; I see it in pencil at the top of the sheet.

Hon. Mr. SINCLAIR: What date, please?

Mr. MONTGOMERY, K.C.: March 25th of this year.

*By Mr. Montgomery, K.C.:*

Q. Speaking of yourself,—they are speaking of you in the third person—they say:—

"He declared that the Petersen agreement was exactly the decision of the government. He had diagnosed the case. The government had devised the cure. Mr. Preston, however, had been in touch with what was going on during the last six months of negotiations. 'It was kept strictly confidential'."

A. That does not sound like an interview.

Q. I can only give you the heading. I will be glad to give you the whole article if you wish, but it says at the top:—

[Mr. William T. R. Preston.]

"Mr. W. T. R. Preston in Toronto to-day discussed with the *Star* the Petersen agreement and his report to the government on ocean freight rates. 'This,' said he, 'is the greatest question which has arisen in this country in the last 40 years'."

and it goes on for two columns.—A. Yes, I said that.

Mr. SYMINGTON, K.C.: That was when it came into the House, was it not?

Mr. MONTGOMERY, K.C.: It was after it came into the House.

*By Mr. Montgomery, K.C.:*

Q. Is it correct? Do you agree or disagree with the suggestion that it was your statement that you had been in touch with the negotiations during the last six months they were going on?—A. I would not say to a month; I had been in touch with the negotiations, as I had been. I will put it that way.

Q. That is why I suggest to you that from June on to December there was a period of negotiation in connection with the Petersen contract?—A. There were times when it was being negotiated. We were not sleeping with it.

Q. But in any event, as stated, you were in touch with the negotiations during that period?—A. I was, yes, for six months or more there.

Q. Or more?—A. Yes, probably.

Q. Let us carry back then, to see where we land with that.—A. That lands in the latter part of June, my recollection is. I cannot fix the exact date.

Q. When did you tell us that this report which is dated December 31st was actually penned?—A. Oh, I commenced penning that about a week after I returned, I think, some time in October, sort of outlined it.

Q. And you told us this afternoon, I think, that it was completed some time in January, 1925?—A. I think it was delivered to the Minister probably the first week in January. It was finished about a week before the 31st of December.

Q. Then we can take it that the report was written up after the negotiations for the contract had been fairly well completed, or, in fact, after the contract itself had been completed?—A. Part of it was written after that.

Q. And it was a report to suit the contract rather than a contract to suit the report?—A. No, nothing of the kind.

Q. As a matter of fact, I put it to you, Mr. Preston, when was that "frank statement" which is dated April, written?—A. April, the beginning of April.

Q. And to whom was it delivered in April?—A. Only to the parties who were confidentially trying to get some information for me.

Q. The parties who were trying to get information to you would not need to have the gun held to their head as that "frank statement" appears to be?—A. No, there is no gun about that.

Q. And is it to your conversation with these gentlemen from whom you were trying to get this information that I have to ask you once again that you refer in the paragraph immediately concluding this "frank statement" when you say you thought it better to throw aside all reserve and the usual so-called diplomacy, with the view to bringing about a candid discussion of the whole question?—A. That is what I proposed saying and that is what I did say to those with whom I came in contact, and I put it much stronger than it is there.

Q. And these persons with whom you did come in contact were those persons with whom you were discussing the attitude of the Conference Lines?—A. I discussed it very fully with them.

Q. They are the persons you refer to?—A. No.

Q. I want to find out who it was you had this candid discussion with, when you threw aside all reserve and abandoned the usual so-called diplomacy.—A. There are two, as I have told you; the two of them were the Cairns-Noble and Lord Kysant and Mr. Allsop, general manager of Lord Kysant's Company.

[Mr. William T. R. Preston]



Mr. SYMINGTON, K.C.: And those outside the North Atlantic Conference.

*By Mr. Montgomery, K.C.:*

Q. Then we have so far discussed Major Cairns and I think we have agreed that you are not certain whether you showed it to him or not, but you are pretty certain you did not when you discussed it with him.—A. I am pretty sure I had it in my hand when discussing it.

Q. We have discussed Lord Kylsant, I am sure, ad nauseum.—A. I am sure in that last question of yours, Mr. Montgomery, you were discussing Conference Lines, not all lines, because I discussed this with lines outside the Conference.

Q. You have discussed or mentioned Sir William Petersen as one. That is right, is it not?—A. Yes, that is right.

Q. A number of others?—A. One other; myself.

Q. I see.—A. One other, non-Conference line. If you will let me tell the story I will tell it to you.

Q. Far be it from me to hamper you.—A. You have been hampering me and interrupting all along.

*By the Chairman:*

Q. Go ahead, please.—A. Through a friend I got an introduction to the manager of Lord Inchcape's lines and had a very thorough discussion with them about it; three or four discussions in fact, and I presented this report with such verbal additions as I thought the case called for.

*By Mr. Montgomery, K.C.:*

Q. They do not run to Canada at all.—A. They do not run to Canada; I made that very clear when I made my statement. I told you I had brought this to the attention of lines outside the Conference.

*By Mr. Symington, K.C.:*

Q. Outside the North Atlantic Conference?—A. Outside the North Atlantic Conference, of course.

*By Mr. Montgomery, K.C.:*

Q. Was not Lord Inchcape interested in the Conference in the lines he is engaged in?—A. Very much interested. I did not see Lord Inchcape, I only saw one or two of the managers.

Q. Take his line; where does it run to?—A. It ran, I think, to the Far East.

Q. Did you take steps to make sure that he was not painted with the same brush, and that he was not a Conference man in his own lines?—A. I knew he was a Conference man in his own lines. I knew the company was a Conference company.

Q. And for what reason did you expect that he would be any better in transferring to another line?—A. I got an intimation that I might possibly seek an interview.

Q. But if he believed in the Conference system and was adhering to Conference rates and so on, why desert our old friends for new ones who were just as bad?—A. Because you could not do anything with our old friends.

Q. But you had not seen them, Mr. Preston?—A. But I had information, and I am sure subsequent events have proved the truth of it, that they cannot be moved.

Q. But my dear sir, here were Lord Inchcape and his lines all dyed-in-the-wool Conference men?—A. All right. There is no use in arguing it. I am simply telling you what took place.

Q. What were the names of the managers with whom you took the matter up?—A. Mr. Hughes, I think, was one of the names.

Q. How do you spell that; is it Humes or what?—A. I think it is Hughes; I am not quite sure.

Q. An others besides this one?—A. An effort was made to get an interview for me with Lord Inverforth's company, and finally as I was informed, Lord Inverforth sent the papers on to the principals of the firm or the company, and they thought that there was no occasion for discussing it. They were not prepared to break from the Conference or interfere.

Q. So apparently Sir William was your last refuge?—A. Sir William eventually agreed to consider it, after one or two interviews; I am not just exactly sure of the number.

Q. Well, let us drop that for a little while and come to what my learned friend calls the "meat."

Mr. SYMINGTON, K.C.: Come to our muttons.

Mr. MONTGOMERY, K.C.: I am endeavoring to follow you, Mr. Symington, if you wish, from wheat to mutton; like Mary's little lamb.

*By Mr. Montgomery, K.C.:*

Q. In the first place, you described to us on page 3—the first page of your report—"This world-wide organization of which the North Atlantic Steamship Combine is only one section . . . of the number who are all subject to the influences of the respective branches of this maritime organization." Without going over all the references to the same thing in your report, tell us a little bit about this world-wide organization—where are its offices?—A. Where are their offices?

Q. Yes?—A. Some of their offices are in London—different companies.

Q. Do not let us misunderstand one another, or fence about this for long. Is it your intention to suggest that there is one controlling organization which operates and controls the several branches?—A. No; certainly not.

Q. Because your report reads that way?—A. I do not think it, at all.

Q. And it is not your intention to suggest there is no one central body?—A. No, it is not.

Q. Is it you intention to suggest that there is anything more than a series of conferences, the number of which would correspond with the different trade routes?—A. Perhaps, if you will allow me to quote these words from the House document, of the United States 63rd Congress, Sec. Session—1913-14, at page 231—

Q. I thought that is the one you had never seen?—A. If this is the Alexander one, I did not know it.

Q. Then you have seen it?

Mr. SYMINGTON, K.C.: I gave it to him yesterday.

The WITNESS: Is this the Alexander? I did not know it was the Alexander.

"The foregoing chapters contain a description of 80 steamship conference arrangements which, when considered collectively, show that as regards nearly every Conference trade route, practically all the established lines operating to and from American ports work in harmonious co-operation either through written or ordinary agreements, Conference agreements, or gentlemen's understandings."

*By Mr. Montgomery, K.C.:*

Q. Is that your authority for writing that report?—A. No, it is not.

Q. It is not?—A. No.

Q. Then let us see what your authority was. I ask you again whether you intended to suggest anything more than the fact that there are conferences

in every trade route, or practically every trade route?—A. Yes, and very many of them interlocking.

Q. I will come to that in just a moment. Let us take them one at a time.—A. Yes.

Q. We agree that the Conference system is a recognized system over every trade route where liners run, as far as you know?—A. We agree there is a Conference system. The question is who recognizes it as a proper thing. There is a conference system.

Q. If you do not like the word "recognize" let us say it is well known there is a Conference system governing the rates and so on in every trade route throughout the world?—A. Perhaps you had better say "Conference systems."

Q. "Conference systems"?—A. Yes.

Q. And if a line operates in more than one trade route, it would naturally be a member of more than one Conference?—A. Quite so.

Q. And that is what you speak of as "interlocking"?—A. Interlocking.

Q. That is all you intend to convey—and no more than that?—A. That is what I intend to convey.

Q. So this great "world-wide Combine," as a central organization, does not, in fact, exist?—A. I never suggested it.

Q. And all that we have is that the Conference system, whether it be good or bad, is a system which operates over all the trade routes of the world?—A. And interlocking in most of them.

Q. And prevails, as regards the ports, in every country in the world having maritime ports?—A. Just about taking in the world, yes.

Q. So that if we are starting out in Canada—oh, well, I will drop that?—A. Yes, drop it.

Q. I do not need your permission. I will put it.—A. All right; you will get your answer.

Q. If you want to get into a scrap— —A. We will get into a scrap.

Q. Now, we will follow through these nefarious endeavours. I think the first thing you took up after this deal, as far as Canada is concerned, was the purchase of the Elder-Dempster Line?—A. Yes.

Q. At page 4 of your report?—A. Yes.

Mr. SYMINGTON, K.C.: There is something much more important than that just ahead of it—"Increase of immigrant rates."

*By Mr. Montgomery, K.C.:*

Q. My learned friend wants me to ask you about the increase of the immigrant rates, which he says is more important than the subsequent paragraph.—A. Very well.

Q. I am always glad of a suggestion. You say that the rates at a certain time, which you mention as "this time"—whenever it was— was £3/10. Is that correct?

Hon. Mr. McMURRAY: To what page are you referring, Mr. Montgomery?

The WITNESS: Page four.

Mr. MONTGOMERY, K.C.: Page four.

The CHAIRMAN: In the middle of the page.

*By Mr. Montgomery, K.C.:*

Q. I would be interested in knowing what time it was when the rate was £3/10?—A. About 1900.

Q. 1900?—A. Yes.

Q. Are you sure of that?—A. Well, I know we used to send them from the office by the hundreds and the thousands. I was then Immigration Commissioner for Canada.



Q. I have a memorandum of rates for my own information which indicates that the rate in 1900 was £6?—A. It was not the immigration rate that we, in the Immigration Office, were working under.

Q. And I have information there was a £3/10 rate in force at one time?—A. Yes, and for a very considerable time.

Q. And that was in March, 1895?—A. I went over as Immigration Commissioner, or in the Immigration Department, in 1898, and we had a £3/10 rate that we availed ourselves of, outside of the Conference, until the Elder-Dempster disappeared, and afterwards the same rate from Sir William Petersen, when he was running the Franco-Canadian Line, because I think I turned in thousands of immigrants to him at that rate. Sir William Petersen will be able to give you the details of that; I cannot charge my mind exactly with it.

Q. When was it you were turning in those thousands of immigrants to Sir William Petersen?—A. I cannot exactly give you the date, but some time prior—

*By the Chairman:*

Q. How long were you in the Immigration Office?—A. I was in the Immigration Office until, I think, October, 1906.

*By Mr. Montgomery, K.C.:*

Q. I put it to you that there was a rate even lower than that; in 1904 it was down to £3?—A. I do not know.

Q. Now, Mr. Preston, is it not a fact that in comparing the rates, you are endeavouring to suggest that these same companies which were charging £3 at that time, are now charging the much larger figure which you mention?—A. They are charging a much larger figure.

Q. Let us get back to the first part of it. Is it your suggestion that any company, other than some with whom you had special dealings, was charging the £3/10 rate?—A. My recollection is when I went to London the immigration rate was £3/10, nominally \$17.50.

Q. That was the Conference rate?—A. I cannot tell you. At that time I had hardly gone into the Conference question. The rate from Hamburg was 80 marks—

Q. Now, frankly—A. The regular rate.

Q. Now, frankly, Mr. Preston, my instructions are that you have picked out from the middle of very much higher rates, a temporary low rate that was in force during a rate war, which lasted only a few months?—A. I do not agree with your instructions at all.

Q. Can you tell what the Conference rates were at that time, on the same line?—A. I cannot tell you; only I know that, as Immigration Commissioner, we had a £3/10 rate.

Q. You said that was a special arrangement with the Elder-Dempster Company, and afterwards, with Sir William Petersen?—A. I had no arrangement with the Elder-Dempster Company at all, excepting as to the payment of a bonus.

Q. Let us put it this way, then; in comparing the rates, you are not comparing the rates of the same line between one period and another?—A. I think I am.

Q. That brings us back to the question: do you suggest that your £3/10 rate was in force at the time you have indicated, so far as the general lines were concerned?—A. In all the time after the Conference got to work, which I think was about 1900 or 1901; this other rate went up to £3/10.

Q. Is it your suggestion now that the Conference "got to work," as you say, in 1900?—A. My recollection is that when I went to London the only rate we quoted in the office for immigrants was £3/10.

[Mr. William T. R. Preston.]

Q. The Conference had been going for years before 1900; you know that, do you not?—A. No, I do not know it.

Q. Do you know when it was formed?—A. I understand it was somewhere about '98.

Q. Or, earlier than that, Mr. Preston?—A. So Mr. Ballin told me.

Q. I had not intended bothering you about that; it is my learned friend's suggestion?—A. I am very glad to answer your questions; I will tell you more.

Q. Just to finish this subject; you are not able to tell us whether the rates you are comparing are, in each case, general rates, or whether, in the first case, it was some special rate with the parties whose names you have mentioned?—A. We had no special rate with the Elder-Dempster at all. It was their advertised rate, and it ran along until the C.P.R. bought the Elder-Dempster, I think, in 1904.

Q. That brings us to where I had started to examine you, where you told us that "Eventually, however, the Canadian Pacific Ocean Railway Company purchased the Elder-Dempster service in order to put a stop to this immigration traffic"—at page four?—A. Yes, and it put a stop to it.

Q. Is it your suggestion that the "Canadian Pacific Ocean Railway Company"—as you call it there—was a member of the Conference at that time?—A. The Canadian Pacific Railway was a member of the Conference on the 9th of March, 1904.

Q. When did they purchase the Elder-Dempster Line?—A. I can give that to you; I think your white reply gives us the date.

Q. 1903 is the date indicated, if it will save your time?—A. Yes, but after the Elder-Dempster disappeared there was no low rate until Petersen came in.

Q. Will you absolve either the Conference or the C.P.R. from the charge you make against them there, that they, as part of this world combine,—the C.P.R. bought the Elder-Dempster to put a stop to immigrant traffic?—A. I am quite satisfied they did, and so was Sir Alfred Jones; they adopted the Conference rate.

Q. In the following year?—A. According to the Washington authority, and they give the date of the contract, Agreement "J," as having been entered into on the 9th of March:

"It is agreed that the Canadian Pacific Railway will not carry passengers of Continental nationality, other than Scandinavian or Finnish, in their own steamers, or by any other steamers in which it is interested, sailing from Great Britain and Ireland to ports in Canada and the United States."

Q. Mr. Preston, you have told us you had not seen that report from which you are now reading at the time you made these statements?—A. Yes. It does not make any difference to my report. The fact that I was dealing with was this; that, when the C.P.R. purchased the Elder-Dempster to get them out of the field, we had no non-Conference lines.

Q. But at that time the C.P.R. was not a Conference Line?—A. According to this it was a Conference line. (Indicating.)

Q. In 1903—A. No—1904; but the C.P.R. immediately adopted the £5/10 rate, I think it was. I am speaking entirely from memory as to that. But all competition ceased when the C.P.R. got rid of the Elder-Dempster Line, until Sir William Petersen afterwards came in.

Q. But we are not discussing rates; you are suggesting a world-wide combine to do this, and as evidence of it you say that the C.P.R., in order to put a stop to this competition in the immigration traffic, purchased the Elder-Dempster Line?—A. Well, that was the effect of their purchase.

Q. It is not an effect; it is a motive?—A. Well then, that was the motive; apparently so.

Q. They were not in the trans-Atlantic traffic at that time at all?—A. That was the effect of the purchase of the Elder-Dempster Line, that the £3/10 rate disappeared.

Q. If you would only state that in your report we would not bother cross-examining you. It is an illustration of the efforts of the combine to destroy competition?—A. Yes

Q. I put it to you that at the time the C.P.R. were not interested in trans-Atlantic traffic at all?—A. Oh, yes they were.

Q. They were not in trans-Atlantic traffic at all, passenger or freight. That is correct, is it not?—A. I do not know that.

Q. You do not know?—A. No.

Q. You made the statement in the report without knowing?—A. No, I am contradicting your assumption of the words you want to put in my mouth. What I say, and I say it again is, that the removal of the Elder-Dempster Line from the British Immigration Service, the removal of it by the C.P.R. placed all the Lines running out of England up to the £5/10 rate.

Q. Let us not take up too much of the time of the Committee with this. I want to know whether you still adhere to the statement that the C.P.R., presumably as a member of the Conference, did this nefarious act in order to put a stop to competition in the immigration traffic, because that is the charge you make?—A. Yes, that is the effect of what they did.

Q. Let us pass on to the trans Canadian service. It is your next item. You do not tell us in your report who the parties were who had that service, who operated that service?—A. I will tell you now: Sir William Petersen or the Petersen Company, one or the other.

Q. Then I take it that the party referred to is the manager in that statement—A. What part are you referring to?

Q. The Trans Canadian Steamship Service?—A. Yes. I am referring to the present Sir William Petersen having that contract at that time.

Q. By the way, just one more question. I beg your pardon. Are you finished?—A. Yes.

Q. Just one more question about the Elder-Dempster; in as much as I notice it had to do with emigrant rates; do you know how many boats they took over at that time?—A. I do not know.

Q. Do you know whether they were passenger or cargo boats?—A. I know some of them were emigrant boats. I had that from Sir Alfred Jones.

Q. They were fourteen vessels, all cargo ships except three, and those three had only very limited emigration space?—A. I do not know what you call very limited. They used to carry a number of immigrants.

Q. Let us come to the French-Canadian service?—A. Yes.

Q. Is it your suggestion that the service was squelched before it was started?—A. Well, I think it had been started. I saw Sir William Petersen, then Mr. William Petersen, and negotiated with him about supplying his lines with a thousand immigrants sailing from Rotterdam and he agreed to that, when we learned the ships had been withdrawn by the Armstrong Whitworth Company.

Q. I put it to you that that portion of the service operated successfully in 1900 and 1901?—A. I am talking about the service as it was in 1905 and 1906. I am not exactly sure as to the date. That is the service I am speaking about and following that. I have personal knowledge of what took place. In the first place there were about one thousand or twelve hundred of my own immigrants who were stranded at Rotterdam for want of transportation. I learned then that the ships had been withdrawn by Armstrong Whitworth Company for some reason or other. Subsequently I was subpoenaed as a witness at the



trial that took place when Sir William Petersen sued the Armstrong Whitworth Company for breach of contract and while I was being heard a letter was read by Sir Rufus Isaacs to the Court—

Q. Is it necessary to go into all this?—A. It is very necessary because my statement has been disputed. A letter was read in Court, written by the Secretary of the Conference, threatening the Armstrong Whitworth Company, ship-builders, that unless they withdrew their line—

Q. You are making so many statements which we cannot control that I would ask you to please limit your statements to things for which you can produce authority?—A. There was a letter read from the Secretary of the Conference to the Armstrong Whitworth Company that if they did not withdraw their boats from Petersen they would not get any other repairs from the Conference Lines and the ships would be ordered—

Q. Was the Armstrong Whitworth Company building ships at that time?—A. I only heard the letter read, with Judge Kennedy on the Bench.

Q. This whole statement was based on your recollection of some letter you heard in Court twenty years before?—A. Go and look at the Law reports and you will see it there.

Q. There is no mention of such a letter in the law reports. I am asking one question and I will drop it there.—A. You will not drop it in questioning the truth of my evidence at all. Sir William Petersen is here and he will say that that letter was read by Sir Rufus Isaacs.

Q. We will let Sir Rufus Isaacs rest for the time being. Have you any authority for the statement you make other than a recollection of a letter you heard read in court some twenty years before?—A. I have a very vivid recollection of it. I was a witness in the case and I got £35 as a witness fee.

Q. The Armstrong Whitworth & Company were not building passenger liners at all, or boats such as were used by the Conference?—A. I am telling you about an entirely different matter in regard to a letter and a threat.

Q. They were not repairing boats at that time?—A. Your instructions are all wrong.

Q. My instructions are that they were not repairing boats at that time.

MR. SYMINGTON, K.C.: Where did you get those instructions?

THE WITNESS: That is all I can tell you.

*By Mr. Montgomery, K.C.:*

Q. A moment ago you told us you did not know whether they were or not and you did not care?—A. I am not going to let you—. If you are giving evidence all right. I am giving evidence.

Q. Were the Armstrong Whitworth Company at that time building liners such as—A. I don't know whether they were or not.

Q. Were they repairing?—A. I am dealing with that question that a threat was made to them and they withdrew the boats and my emigrants were left at Rotterdam.

Q. I put it to you that they withdrew the boats because they were not paying?—A. How did Sir William Petersen get a judgment against them for so many thousand pounds?

Q. That was all luck but still the boats were withdrawn because they were not paying?—A. I am giving the reason why they were not paying and there were other threats as well.

THE CHAIRMAN: Pass on to another thing. He is not going to answer until you have asked him another question.

*By Mr. Montgomery, K.C.:*

Q. I will take the emigration particularly. I will ask you to turn to page 6, under the title "Discrimination Against Canada," where you say "having now

[Mr. William T. R. Preston.]

secured absolute control of the transportation of emigrants to North America, the combine proceeded to deal with the question of ocean freight rates. According to the records of the Department of Trade and Commerce, a pronounced discrimination was immediately declared against Canadian ports in favour of American ports as the settled policy of this steamship combine." I ask you whether or not from the research which you have made and from the evidence which you have heard in this case—we will try to shorten it—you adhere to that statement that a pronounced discrimination was made against Canadian ports in favour of American ports as a settled policy of the combine?—A. Yes, in regard to flour.

Q. You know the circumstances of the flour business?—A. I am giving you one case.

Q. Please be fair?—A. I am quite fair.

Q. You know how the difficulty arose in connection with flour. It was something special. Do you or do you not answer? You have been sitting here all through the inquiry. You made an investigation which covered many months?—A. Yes.

Q. Making a report on discrimination against Canada; are you able to cite anything to me other than the controversy on the subject of flour?—A. It is quite enough for my purpose.

The CHAIRMAN: Try and answer the question categorically. Mr. Montgomery asked you have you any other instances of discrimination. Say yes or no.

*By Mr. Montgomery, K.C.:*

Q. You know now, if you did not know then, how that difficulty arose in respect to flour?—A. I know what went on.

The CHAIRMAN: Would you answer that question? Was there any other commodity a subject of discrimination except flour?

Mr. SYMINGTON, K.C.: I am going to argue this, Mr. Chairman. The statement points out that it is according to the records of the Department of Trade and Commerce. He states it was according to the records of the Department of Trade and Commerce that discrimination was pronounced against Canadian ports.

The CHAIRMAN: I suggested to Mr. Preston the advisability of making categorical answers to the question, and the question which I put, after Mr. Montgomery had put his, was, whether there was any product other than flour the subject of discrimination and I understand your answer is what?—A. Not at that particular time.

*By Mr. Montgomery, K.C.:*

Q. What other at any other time?—A. There is a complaint here in the Department at a later date from the L. R. Graham Company.

Q. What page?—A. Page 20. The name is not given but that is the one I referred to.

Q. What is that? About apples?—A. Yes, about apples.

Q. If you will look at that complaint you will see that it is not discrimination against lines at all but the complaint is that the U.S. Packers, being more adjacent to the seaboard, are able to ship at a very much lower through rate?—A. "The largest exporter of evaporated apples directs attention to the effect of the discrimination existing against Canadian ports, rendering it absolutely necessary for him to export his products by New York instead of via Canadian ports, and he is also able to secure more favourable rates there than by the Combine Lines for Montreal or Halifax, and the rates that he gives are, Hamburg and Rotterdam, 30 cents per hundred pounds."

[Mr. William T. R. Preston.]

Q. Mr. Preston, we are discussing now discrimination against Canadian ports in favour of American ports. We will leave Hamburg and Rotterdam alone for the moment?—A. Flour is the only one I know of at the moment there.

Q. Flour is the only one you know of at the moment there?—A. Your statement in your report is that, having secured control of transportation of emigrants in North America, a pronounced discrimination was immediately declared against Canadian ports. Let us fix a few dates. When was it they secured this control?—A. They secured the control following—

Q. The purchase of the Elder-Dempster Line?—A. No, following getting rid of Sir William Petersen.

Q. When was that?—A. About 1906.

Q. And the pronounced discrimination was immediately declared. Flour is the commodity you referred to. When was that preference on flour declared?—A. I haven't the records of the Department with me, but I will look it up and give it to you again.

Q. I want to put it to you that so far from being immediately declared it was no less than 14 years afterwards?—A. I know it was not.

Q. My instructions are that it was in 1920 that that differential on flour was ordered out.

Mr. SYMINGTON, K.C.: He did not say that.

Mr. MONTGOMERY, K.C.: He can answer for himself.

The WITNESS: The millers were making a fuss long before 1920.

*By Mr. Montgomery, K.C.:*

Q. The flour question is fairly well known now?—A. Yes; it is settled now.

Q. Can you tell me when the differential was put into force? We have it in the records, and my learned friend has proved it already. Was it in 1920?—A. No, it was before that.

Q. Well, when?—A. I think I will find you a record of it; I know I will.

Mr. SYMINGTON, K.C.: That differential on flour was not the first thing.

*By Mr. Montgomery, K.C.:*

Q. Do you know of the differential put in force in 1920?—A. I don't know what you mean by the differential.

Q. There was a difference between the Canadian and the American rate as regards flour, which existed down to 1924, if I am not mistaken?—A. Yes.

Q. Is that the one to which you refer?—A. That is the principle to which I refer.

Q. Well, is that the discrimination to which you refer?—A. No, I refer to one prior to 1913.

Q. Prior to 1913?—A. Yes.

Q. That must have been removed in the interval between 1913 and 1920?—A. I could not tell you.

Mr. SYMINGTON, K.C.: My learned friend is quite mixed in regard to the differential. The differential was a different thing from the higher rate on American than on Canadian commodities. The differential was something that arose as a differential between other grain and wheat.

Mr. FLINTOFT: Do you say there was a different rate to American ports between 1913 and 1920?

Mr. SYMINGTON, K.C.: That is what I understand.

[Mr. William T. R. Preston.]



*By Mr. Montgomery, K.C.:*

Q. Is it your statement, Mr. Preston, that in 1919 there was any difference in the rate between the United States and Canada, as regards flour?—A. What I had in mind in writing that was something that was anterior to 1913.

Q. Will you make the statement with regard to any year between 1913 and 1920, that there was any difference between Canadian and American ports as regards flour?—A. In 1913 you bring in the six years of the war. I do not bring that in at all.

Q. Please, Mr. Preston; we do not want to lose too much time, there is so much to discuss. Can you give us anything to justify the statement you make so emphatically in your report, that as soon as they got control a pronounced discrimination was immediately declared against Canadian ports in favour of American ports?—A. I think I can.

Q. Can you give it to us now?—A. I cannot carry all the documents with me.

Q. But here is something that is as serious as any accusation you are making. Give us your authority for it?—A. I will give you my authority for it in time.

Q. You cannot give us your authority or say how you back up that statement?—A. I can.

Q. Tell us, then?—A. Some papers or letters I have seen from the Millers' Association, I think, the Canadian Millers' Association.

Q. Are they the ones you cite in your report?—A. I had them in my mind's eye, for one thing.

Q. I ask you whether the letters to which you refer are the ones you cite in your report?—A. They are, or the complaints.

Q. These letters all referred to the difficulty that arose in 1920?—A. No. I have seen something in 1914, Mr. Montgomery; I am quite sure about that, and earlier than that.

Q. So that on the strength of something you have seen somewhere in reference to some dispute about flour?—A. No, I have seen it in the departmental records; that is what I say, and if you will give me a chance I will look into the records.

Mr. SYMINGTON, K.C.: My learned friend must be fair. He says it is in the records of the Department.

*By Mr. Montgomery, K.C.:*

Q. Accepting your present statement as true, Mr. Preston, would it, in your opinion, support the statement that the general policy of the combine, by quoting lower freight rates to the United States, had a serious effect upon Canadian shipping and Canadian trade?—A. Yes.

Q. As a matter of general policy?—A. Yes.

Q. Flour being only one of possibly hundreds of commodities?—A. Taking the bulk and value of it, yes, very important.

Q. And upon the strength of some controversy in respect of flour, you say that that was the general policy?—A. From the records of the Department I have taken that, yes.

Q. You cannot show anything to support it, except a controversy about flour?—A. It is not a controversy on flour, pardon me. I am taking the records of the Department, what is there.

Q. Call it anything you like, it relates to flour?—A. It relates to flour.

The CHAIRMAN: Mr. Montgomery, if you are going to start on another aspect of the case, we might perhaps now discontinue until to-morrow.

Mr. MONTGOMERY, K.C.: I must apologize, Mr. Chairman, for taking so much time on this report. This report is what has started every bit of trouble,

[Mr. William T. R. Preston.]

and it is quoted all over the place. There is scarcely a paragraph in the report upon which my instructions are not to cross-examine.

The CHAIRMAN: You do not understand that I am trying to limit you at all in your cross-examination, I hope.

Mr. MONTGOMERY, K.C.: Certainly not. Very often these cross-examinations are very tedious and uninteresting.

The CHAIRMAN: All right. This Committee stands adjourned until tomorrow afternoon at half-past three o'clock.

The witness retired.

The Committee adjourned.





## MINUTES OF EVIDENCE

COMMITTEE ROOM 276,  
HOUSE OF COMMONS,  
WEDNESDAY, May 13, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: We have a quorum, and the Committee will please come to order. Shall we ask Mr. Middleton to come forward and take the witness chair?

Mr. MONTGOMERY, K.C.: As you recall, Mr. Chairman, there was a discussion about holding a sitting in camera, but if that could be avoided, I, myself, would almost prefer it, excepting should a matter come up upon which Mr. Middleton feels he is not free to comment, it could possibly be suspended for the time being, and a camera sitting held.

The CHAIRMAN: I, and I am sure the Committee agree with you that it is desirable to avoid a sitting in camera as much as possible.

JOHN ROBERT MIDDLETON called and sworn.

*By the Chairman:*

Q. What is your full name?—A. John Robert Middleton.

Q. Where is your home?—A. London, England.

Q. You are connected with what line?—A. Furness-Withy Limited, and its associated companies.

The CHAIRMAN: Proceed, Mr. Montgomery.

The WITNESS: I think Mr. Symington was to question me.

*By Mr. Montgomery, K.C.:*

Q. You might tell us what your position is?—A. I am the Chief Accountant of the Furness-Withy Company, and the Supervising Accountant of the whole of the associated and subsidiary companies of Furness-Withy, including the Manchester Liners.

Mr. MONTGOMERY, K.C.: I may explain, for the benefit of those who were not present, that Mr. Middleton has received a cable calling him back to England right away, and it was suggested we might get over this wrangle about these accounts by examining him now, on the questionnaire submitted by my learned friend, and it might result in an elimination of some of the examination of Mr. Scott.

Mr. SYMINGTON, K.C.: I will do the best I can; I do not know just exactly what the idea is—

The WITNESS: Mr. Symington, might I make a suggestion? If Mr. Scott is sitting beside you while you are examining me, if he has any supplementary questions on the questionnaire he would like to ask, may he put them in as we go along, and I will do the best I can to answer them.

*By Mr. Symington, K.C.:*

Q. Mr. Middleton, what are the associated and subsidiary companies of the Furness-Withy Company?—A. It is rather a long list, but I will read them to you.

Q. It is what is contained in "Fair Play"?—A. Yes, that pretty well covers the whole situation.

The CHAIRMAN: Oh, you had better read them. If they are engaged in the Canadian trade, we had better have them.

The WITNESS: They are not, Mr. Chairman; some of these companies are not engaged in the Canadian trade at all.

Mr. SYMINGTON, K.C.: Oh, it is rather important, I think, in view of the interlocking suggestions, and so on.

The WITNESS: The Johnston Line Limited; the Houlder Line, Limited; Houlder Brothers & Company, Limited; Empire Transport Company, Limited; British Empire Steam Navigation Company, Limited; Furness-Houlder Argentine Line Limited; British and Argentine Steam Navigation Company, Limited; Gulf Line Limited; Prince Line Limited; Manchester Liners, Limited; Norfolk and North American Steam Shipping Company, Limited; Neptune Steam Navigation Company, Limited; Rio Cape Line Limited; Warren Line Liverpool Limited; Danube Navigation Company, Limited.

*By Mr. Symington, K.C.:*

Q. Those companies run regular lines to North and South America, the Pacific coast, South Africa, China, Japan, and the Mediterranean ports?—A. And Australia and New Zealand.

Q. And Sir Frederick Lewis is the Managing Director—is that what you call him?—or the Chairman of the Board?—A. Sir Frederick Lewis is Chairman of the Furness-Withy Company; he is also Chairman of some other companies mentioned in the list I have given.

Q. And apparently either he or the Furness-Withy Company have very large holdings in these, what you call, subsidiary or associated companies?—A. That is quite right.

Q. All these companies are, I assume, members of Conferences running between these different ports?—A. Except in the case of one or two management companies which are included in that list, which are not properly steamship companies.

Q. What are the management companies included in that list?—A. Houlden Brothers & Company, Limited is one; the British Argentine Steam Navigation Company is not directly a member of any Conference; the Danube Navigation Company operates in mid-Europe, and is not a member of any Conference.

Q. It is a coastal line around Europe?—A. It operates in the centre of Europe.

*By the Chairman:*

Q. On the Danube River?—A. Yes.

*By Mr. Symington, K.C.:*

Q. But so far as the trans-oceanic lines are concerned, these companies are, generally speaking, members of the various Conferences throughout?—A. In every case where they operate on the high seas.

Q. Then, do the Furness-Withy Company, in addition, manage these companies?—A. Some of them.

Q. For a consideration?—A. In some cases, yes.

Q. That is in addition to owning—or "controlling" perhaps I had better say—these companies, they also earn something as managers?—A. I think this

[Mr. John R. Middleton.]

question is covered in your questionnaire, which you will probably come to later. If you would like me to answer it now, I will.

Q. I think so, because I have not had time to go over the questionnaire very carefully?—A. Furness-Withy & Company are managers of the Johnston Line, the Warren Line, the Gulf Line, the Neptune Steam Navigation Company Limited, the Norfolk and North American Steam Shipping Company Limited, the Danube Navigation Company, Limited, Prince Line, Limited, Rio and Cape Line, Limited—I think that is the lot.

Q. Let us take these lines operating in the North Atlantic Conference. Of what lines are they the managers?—A. The first five I mentioned, the Johnston Line, the Warren Line, the Gulf Line, the Neptune Steam Navigation Limited, and the Norfolk and North American Steam Shipping Company Limited. You will note, Mr. Symington, that I am excluding Manchester Liners from these lines; they being a separately managed company entirely; the Furness-Withy Company not being managers of that company.

Q. How do the Manchester Liners operate, then?—A. Under a Board of Directors.

Q. Sir Frederick Lewis being the Chairman?—A. Yes, Sir Frederick Lewis is the Chairman.

Q. And are their earnings kept separately, and then put into the Furness-Withy?—A. No, an entirely separate company.

Q. Whatever goes into the Furness-Withy goes in by way of dividends?—A. That is quite right.

Q. And do the operating officers of Furness-Withy operate the Manchester liners?—A. Not in any degree whatever.

Q. Now then, there is another one you have not given us,—the Manchester Ocean Line Limited?—A. The Manchester Ocean Services Limited is a subsidiary company of the Manchester liners.

Q. Who operates it?—A. The Manchester Liners.

Q. Then are Furness Withy and Company interested in any colliery companies?—A. Not at the present time.

Q. Not at the present time?—A. No.

Q. Do Furness-Withy buy coal for all these various lines?—A. Furness-Withy buy coal and fuel for all the companies with whom they are associated except the Manchester Liners.

Q. With respect to supplies, food and so on?—A. I might qualify my last statement by saying that so far as all the other lines are concerned they perhaps might, as the managing company, look after that end of it.

Q. Furness-Withy and Company do not interfere in the supplies of those companies. With respect to the others they supply them with their supplies and charge it in their books?—A. With respect to the other companies Furness-Withy contract for fuel, coal or oil for the whole of the requirements of their own steamers and the steamers belonging to their subsidiary companies for a period. The steamers of the subsidiary companies take their requirements out of the Furness-Withy contract, at the exact price contracted for by Furness-Withy without any profit or commission accruing to Furness-Withy as the parent company.

Q. That goes in as part of their managerial duties, that they look after that without profit?—A. That is so.

Q. With respect to those that they are managers of, what is the nature of the remuneration. How is it worked?—A. A percentage of the gross freight of the steamers.

Q. A percentage on the gross freight of the steamers?—A. Yes.

Q. That is, Furness-Withy, for instance, owning the Johnston Line, say, charge as managers, a percentage on the gross earnings on the Johnston Line?



—A. No. Furness-Withy, as managers, in some cases, charge a percentage upon the freight that the steamers earn homeward. If the steamer carries freight outward, from the U. K. to some other port, Furness-Withy do not, in the ordinary way, charge any commission on that freight.

Q. They would on the ordinary freight?—A. It may be in some cases that they get a percentage on that outward freight but it is an exceptional occurrence.

Q. They, in a sense, operate a brokerage business as well? They get brokerage on freight?—A. Brokerage is handled by an entirely separate department to the managerial department.

Q. But it is a department of the same company?—A. Yes.

Q. And earns its return in the brokerage department of Furness-Withy?—A. The brokerage department of Furness-Withy handles not only Furness-Withy; they are trading all over the world. They look after business attached to the business throughout, everywhere, in all parts of the world. Their brokerage department may book cargo for other lines than Furness-Withy and in that case they would get a commission for booking that cargo.

Q. If they book it for the other lines they also get a brokerage?—A. In some cases they do charge a brokerage commission upon outward freight booked for their own lines.

Q. Otherwise it would be to their advantage to send it by the competing lines, would it not?—A. It depends, Mr. Symington.

Q. So that Furness-Withy—what I am trying to get at, without getting the earnings—get a brokerage in some cases you say on the outgoing freight?—A. Yes.

Q. They get a commission on the home coming freight?—A. Always.

Q. They get a managerial remuneration for managing the lines?—A. Which you have just described.

Q. That is what I want to get at?—A. Yes, that is quite right.

Q. They get no remuneration for management other than commission and brokerage?—A. That is quite right.

Q. They charge up for all overhead and head office expenses to the various voyages?—A. I wish they did. Unfortunately they do not.

Q. They charge up nothing?—A. They do charge up something.

Q. They do charge up in the voyage accounts what are termed head office, management, sundry expenses?—A. Let us have this quite clear. Furness-Withy make a charge against every steamer managed by them to cover overhead expenses. In no case is the amount charged against the steamers en bloc during the year sufficient to cover in any office the cost of operating that office.

Q. I am not criticising the accounts at the moment at all. I am trying to get the method by which they realize from brokerage and they realize from commissions. There is something for managerial overhead expense?—A. Quite true.

Q. And they also hold, in some cases, all, and in other cases a large part of the stock in these lines from which they may or may not get dividends?—A. Quite true.

Q. Now, turning to Mr. Scott's questionnaire you were asked in number one to produce, without reading it what is termed voyage accounts?—A. Are you reading from the Manchester Liners or the other five companies?

Q. I am reading from the Manchester Liners.

The CHAIRMAN: May I make a suggestion. Have you got an extra copy that you could let the witness have?

The WITNESS: I have it.

*By Mr. Symington, K.C.:*

Q. He has it. I do not want to encumber the record. "Please produce a statement showing the gross income per voyage from freight or other receipts separated, also expenses actually controllable by the master of the ship, setting the detail of these disbursements, without apportioning any estimated expense management, general office, overhead, brokerage, or other commission." Can you do that?—A. I have already produced a statement showing the whole of the details of the voyage accounts which are available on this side and these statements show the gross income for the voyage for freight or other receipts separated. With regard to the expenses controllable by the master of the ship, these are strictly limited to his personal expenses, and the estimated expense of management, general office, overhead, etc., are dealt with in a later paragraph of his questionnaire.

Q. Mr. Middleton, as chief accountant, you quite understand what the auditor was asking you in that question. Can you furnish that information?—A. I have furnished it.

Q. You say you have furnished it?—A. Yes.

Q. Well now, while these are not probably part of the confidential information, we might not mark those.

Mr. MONTGOMERY, K.C.: Just handle it so we can avoid making a session in camera if we can.

*By Mr. Symington, K.C.:*

Q. I show you the voyage sheet of the Canadian Government Merchant Marine and the voyage sheet of the C.P.R. Would you kindly look them over and say whether we have the information from your sheets that we have from those?—A. Certainly not. That is not what you asked for. If you had given me this information I might have made an attempt to get it. This is the first time I have seen these accounts.

Q. On looking at the Canadian National there is nothing on there but the receipts and the actual disbursements controllable by the master of the ship, is there?—A. Yes, quite a good deal.

Q. What is there?—A. If a master of the Canadian Government Merchant Marine controls these expenses he is in a very exceptional case.

Q. Do you merely refer to port charges?—A. I am referring to a lot of terms appearing on this account. We would not think of allowing our master to control commission, pilotage, wharf rental, wages, repairs, coal and incidentals.

Q. Then leaving aside the language of the question of the coal, for running expenses or whatever you like, can we get from your sheet the information that we get here?—A. You cannot get that from the voyage statement but I will be quite prepared to give all these details if you will send some one to England to examine the detailed record kept there. It is absolutely impossible to expect us to bring the whole of the details, to bring some hundreds of voyage accounts on this side with the vouchers necessary to substantiate the entries.

Q. What we wanted to know were the takings of the ship and the actual expenses of the ship, leaving aside all apportioned charges.—A. The only item in the account I am giving to you which shows anything for the estimated expenses is £500 under the heading of "Sundry Expenses," of which I have given full details to your accountant.

Q. For instance, looking at the two you will understand that the accountant can tell the actual earnings of the voyage from the Canadian Merchant

[Mr. John R. Middleton.]

Marine or the C.P.R., in a much more accurate and detailed way than he can from yours?—A. Not at all, unless the accountant is going to suggest that the items we show as disbursements in the U.K. port are not correct, because the whole of the detail is not shown.

Q. Do I understand then that you do not keep voyage sheets similar to the Canadian Pacific?—A. I never heard the expression "voyage sheet" until it fell from your lips the other day, Mr. Symington. We keep, in every office that we have, voyage accounts of every steamer. These voyage accounts contain a summary similar to the one produced to you. Behind that summary is the detail of every item charged up in that account and vouchers in respect to every payment made.

Q. Was this exhibit of yours simply taken out for the purposes of this inquiry?—A. That is an exact copy of the voyage book, extracted for me for the purpose of bringing across to this side for this inquiry. It is not an account prepared for the inquiry. It is an exact copy which has been audited, certified and forms part of the company's annual accounts.

Q. You have no voyage accounts, or whatever they call them, showing the cargo carried and the rate?—A. That is contained in the manifest which we have in respect of each voyage; that manifest being passed through the book in toto, not in detail. This information must have been extracted from the manifest and would not appear in the books of the Company.

Q. These statements are not prepared for us by the Canadian Government Merchant Marine. They have been right on file and so have the C.P.R.—A. I am only speaking as to how these manifests are dealt with in our own accounts.

Q. Well, then, I understand, Mr. Middleton, that so far as the details asked for are concerned, you cannot give them, they are in England?—A. Oh yes, the only details not furnished on my account, which are furnished upon the accounts you have submitted to me now, are in respect to the item of £500 put to that Voyage Account.

Q. There is a great deal more than that, isn't there, of details.—A. The only difference in the two accounts is that in the account of the Canadian Government Merchant Marine, you have shown a lot of expenses in detail, such as Coopersage, amounting to about \$25; Claims, about \$68; Inland Freight, about \$32; Wharf Rental, about \$33; and items like that which are absolutely small compared to the amount involved in the voyage. Whereas in the account I have submitted to you I give you the port charges at each port; the cost of the fuel consumed on the voyage; the actual amount of the wages, the actual amount of the insurance; the actual value of the stores and provisions consumed; the amount charged for Management Commission, which in this case represents about 2 per cent of the freight; an amount for repairs, actually spent on the voyage; and a charge of £500 named as Sundry Expenses which covers: the cost of wireless; the cost of the direction finder; cables; telephones; stationery; advertising; quay rent at Manchester; technical department expenses; provision for cargo claims; and an amount set aside each voyage to cover the periodical classification survey. Those items constitute the charge of £500 per voyage.

Q. We will come back to that in a moment. Taking these two, for instance loading and discharging, shown on these Canadian Government and C.P.R. Voyage sheets, are included in the total statement of the expenditure at a port with you?—A. That is quite right.

Q. You picked out the small ones, I hope you noticed that?—A. Yes, but the others are all ordinary items.

Q. I say you do not show loading and discharging which amounted in this case to \$7,938, other than in a general total of the expenditure at a port?—A. That is quite true.



Q. You do not show tallying, which in this case amounted to \$207, other than as included in the total charges at the port?—A. Quite true.

Q. You do not show Pilotage, which in this case amounted to \$818.—A. Quite true.

Q. You do not show Towage which amounts to \$933.—A. That is so.

Q. Wharf Rental?—A. Wharf Rental I have explained is included in the item of Sundry Expenses.

Q. You do not show on your Deck Department the wages, supplies, repairs, or incidentals separately.—A. I show the wages separately; I show supplies separately and I show repairs separately.

Q. You show the wages in one lump for the whole voyage, isn't that it?—A. For the whole ship.

Q. And the whole voyage?—A. Yes.

Q. Whereas these show wages for Deck Department, Engine Department and Steward's Department.—A. Yes.

Q. The Canadian Government Merchant Marine, and the C.P.R., and so on all down the line, you have 11 heads as opposed to 28?—A. Yes, but you can cut a good deal of that 28 out, items of \$30 surely.

Hon. Mr. STEVENS: They are not 28 headings, Mr. Symington. If you get the headings, then there are details added.

Mr. SYMINGTON, K.C.: 28 amounts shown.

Hon. Mr. STEVENS: But you made a comparison of headings.

*By Mr. Symington, K.C.:*

Q. Then I will change the whole question. It shows 11 amounts as opposed to 28 amounts.—A. Yes.

Q. Now then, Mr. Middleton, you were asked to produce a statement showing the number of steaming days on your voyage.

Hon. Mr. STEVENS: Mr. Symington, before you leave that, I would like to know from the witness, for myself, if that account is an accurate account; the collected figures are accurate, as far as they go, leaving the question of detail out.

Mr. SYMINGTON, K.C.: The witness has already said so.

Hon. Mr. STEVENS: Let him make a clear statement on that point.

The WITNESS: The whole of the voyage accounts which we have submitted, have been audited by the officers of the company and form part of the certified accounts for the financial years in question. These accounts have been examined in detail by the auditors, with the vouchers, and have been certified by them to be correct, and have been duly incorporated in the company's annual accounts.

In addition to this, Messrs. Price, Waterhouse & Co., in England, have made a detailed examination of all the voyage statements, of all the voyage accounts, with vouchers, and they also have certified the accounts to be true and correct. In addition, they have traced each account to the financial books of the company, and into the balance sheets of the various companies.

*By Mr. Symington, K.C.:*

Q. Then what you say is that these accounts correctly portray what is in the books of the company?—A. Absolutely. To a penny.

Q. Then is this in—taking your voyage sheets—the cost of your boats?—A. No. Do you mean this?

Q. Yes.—A. It is not usual to state the cost of a steamer in a voyage account.

Q. Is it in the books, I ask?—A. It is in the financial books of the company, the cost of the steamer.

[Mr. John R. Middleton.]

Q. But that amount, which you say represents the written down value?—

A. No, that amount you have there, stated as the written down value, represents what the value of the steamer would have been had it been depreciated at the rate of four per cent per annum from the day it was delivered from the builders. Whether such depreciation has been written off or not is an entirely different matter.

Q. In other words, Mr. Middleton, this statement upon which you show an amount to be earned—upon the amount to be depreciated—shown on these summaries—would ordinarily appear upon Voyage Sheet summaries—they are not in the books, but they are something put there upon that basis which you explained, four per cent, for the purpose of this Committee.—A. Those figures are not contained in any voyage account that I have ever seen in my life.

Q. I quite agree with you.—A. Those figures were put there for my special guidance in handling these voyage accounts, at my own request.

Q. For here, you mean?—A. Not for here at all. Before I left England, before I knew the Committee had been appointed, or what turn the enquiry was going to take.

Q. Why did you not put down what the boats really represent, in their value?—A. I have put down what the boats represent in their value. If you wish that you can take your top figure, the cost of the steamer. That is what they represent to the company.

Q. The cost of the steamers, no matter how old they are or whether they have all been written off out of earnings.—A. You are assuming something.

Q. Then you say that that figure represents the cost or the position with respect to the company? It cannot be so if you write off depreciation?—A. If your question is coming around to the value upon which we should claim depreciation, I can state right away now, we claim depreciation upon the original cost of the ship.

*By Mr. Duff:*

Q. At four per cent?—A. At four per cent per annum, which is the rate allowed by the English taxation authorities for taxation purposes.

*By Mr. Symington, K.C.:*

Q. Irrespective of what may be its value or what it has in fact been written down to out of earnings.—A. We apply the basis adopted by the Inland Revenue authorities; by making the calculation upon the original cost value.

Q. And irrespective of whether or not those boats have been all written off out of earnings?—A. I have stated that those boats stand in the books at the original cost value, so they cannot have been written down.

Q. Stand in the books at the original cost value.

*By Mr. Duff:*

Q. Don't you have an account for reserve, or depreciation?—A. That is another question, Mr. Duff.

Q. You deduct four per cent and you must put that to another account as depreciation?—A. No.

Q. What do you do with that?—A. The Inland Revenue authorities allow us each year a wear and tear allowance of four per cent, calculated upon the original cost of the steamer, as a charge against the assessable profits of the company. That has nothing whatever to do with what the company may be in a position to set aside as against its fleet. If the company has sufficient surplus income, after providing for what it considers to be its proper requirements by way of dividend and interest charges, and redemption of debentures, and anything of that description, the company may then set aside such surplus profits into a general depreciation account.

[Mr. John R. Middleton.]

Q. A larger sum than the four per cent?—A. It may be more or it may be less. In the last two years, Mr. Duff, it has been absolutely nothing in every company I have control of.

*By Mr. Symington, K.C.:*

Q. Well, Mr. Middleton, here in Canada, if you write anything off for depreciation, you have to show it and pay upon it.—A. So we do in England.

Q. You have to write it off in your books though?—A. Not necessarily in England.

Q. I say you have in Canada.

Mr. MONTGOMERY, K.C.: Where do you get that theory?

Mr. SYMINGTON, K.C.: I get it from Mr. Breadner and Mr. Scott.

Mr. DUFF: If you credit it on your books, it must appear in two accounts.

Sir HENRY DRAYTON: For taxation purposes.

Mr. MONTGOMERY, K.C.: You do not necessarily write off the value. I know lots of them where there are the two.

Mr. DUFF: If you take it off the one account, you have to put it to reserve.

*By Mr. Symington, K.C.:*

Q. You have to make exactly the same entry in your books that you pay on.—A. It is entirely different in England.

Q. Are these values cash or stock value?—A. Stock values? They are the exact amounts paid to the builders for the ship in cash.

Q. That is the cash value then?

Mr. MONTGOMERY, K.C.: Don't put down that "stock value." It looks as if you are answering "stock value."

The CHAIRMAN: Has the reporter got it right then?

Mr. SYMINGTON, K.C.: I said "Are these cash or stock values?"—A. When I said "stock values," I was raising a query.

*By Hon. Mr. Stevens:*

Q. Are these values the actual purchase prices?—A. They are the actual cost values of the steamers.

*By Mr. Symington, K.C.:*

Q. Paid in cash?—A. Paid in cash.

Q. In your particular line, you have not bought as between lines and so on?—A. No.

Q. The Manchester Ocean Company for instance have what, four boats?—A. The Manchester Ocean Services have three steamers.

Q. They are owned by the Manchester Liners, and Manchester Ocean Service Company?—A. The Manchester Liners own I think, all the stock, or all the shares in the Manchester Ocean Services.

Q. The reason I ask is that I noticed that the Manchester Liners got or owned boats prior to the date when the Manchester Ocean Services came into being and also owned or got new boats subsequent to that date.—A. The Manchester Ocean Services is quite a new company, comparatively speaking.

Q. But the Manchester Liners have constructed or bought boats since the Manchester Ocean Services came into being?—A. Yes. The Manchester Liners have two steamers building at the present time, if they have not been built since I left England.

Q. So that the Manchester Liners did not sell these boats to the Manchester Ocean Services—or did they?—A. They sold these steamers to the Manchester Ocean Services.

[Mr. John R. Middleton.]



Q. On the cash value of those steamers, or the value at which you carried those steamers; was that the price at which the Manchester liners sold to the Manchester Ocean Services?—A. It was the actual original cost of the steamers. The steamers were transferred from the Manchester Liners to the Manchester Ocean Services, and were paid for in cash.

Q. Without depreciation?—A. Without depreciation.

Q. How long had the Manchester Liners had them?—A. Offhand, Mr. Symington, I could not tell you.

Q. I can tell you, if you will tell me when the Manchester Ocean Services was formed.—A. Yes?

Q. When was the Manchester Ocean Services formed?—A. You can tell me that, you say?

Q. My question is, when was the Manchester Ocean Services formed?—A. I could not give you the exact date; I would be guessing if I gave it to you.

Q. Give it within a year or two, or three years if you like?—A. I think it was some time in the latter years of the war.

Q. You say you think it was some time in the latter years of the war.—A. I think so.

Q. And the boats that the Manchester Liners transferred were which ones?—A. The Manchester Port, the Manchester Mariner, and the Manchester Merchant.

Q. Those three boats were built in 1904?—A. That is right.

Q. And they were transferred to the Manchester Ocean Services some time in the latter years of the war, or say fourteen years later, at their original cost, without depreciation?—A. Yes.

Mr. MONTGOMERY, K.C.: And they were probably cheap enough, at that time.

Mr. SYMINGTON, K.C.: But we are not in that time, just now, Mr. Montgomery.

*By Mr. Symington, K.C.:*

Q. So that those boats had been depreciated during those fourteen or fifteen years almost three-quarters of their value, but they were turned in to the new company at their original cost, without depreciation?—A. Are you making a statement, Mr. Symington?

Q. I am asking you a question.—A. But you say they were.

Q. So I understood, from your statement?—A. At their depreciated value?

Q. Not at their depreciated value.—A. These steamers were transferred from the Manchester Liners to the Manchester Ocean Services but their original cost value at that time was a good deal less than their actual market value.

Q. Then this is true, that the Manchester Liners had those boats in 1904 at a certain cost?—A. Yes.

Q. And they depreciated year by year up to say 1918?—A. I did not say so.

Q. They did, didn't they?—A. No.

Q. They never depreciated?—A. There is quite a difference in your two statements, Mr. Symington. You say they depreciated year by year, and then you say they never depreciated. Let me tell you exactly what the Manchester Liners did, when in a position to do so; they set aside such part of their surplus profits as they did not need in a reserve fund, and that reserve fund is held in the books as a reserve against the cost of steamers and investments. It is not allocated against any particular steamer or steamers.

Q. So that however you did it, you had depreciated.—A. Your question would seem to imply that the Manchester Liners were making a big profit by transferring steamers at the original cost value, that they actually stood in the books at the depreciated value. That was not the case. The steamers

[Mr. John R. Middleton.]

stood in the books of the Manchester Liners at their actual value, and were transferred at that value, which was a good deal less than their present market value at that time.

The CHAIRMAN: May I interject a question here?

Mr. SYMINGTON, K.C.: Certainly, Mr. Chairman.

*By the Chairman:*

Q. Surely, Mr. Middleton, during those years the Manchester Liners were making provision in a reserve fund or a reserve account to take care of the natural depreciation which would occur?—A. Admitted, Mr. Chairman, quite so.

*By Mr. Symington, K.C.:*

Q. Do you believe in the theory of depreciation you have given us at 4 per cent a year?—A. No; I say that is the basis adopted in England, and which I think is a very niggardly basis. We were sufficiently generous in making up these statements to ask you to put us in the position to make a sufficient profit to provide 4 per cent, the lowest rate known, following the Income Tax practice in England.

Q. I take it that you think it should be more than 4 per cent?—A. I certainly do.

Q. And from 1914 to 1918 the depreciation on these steamers would have been more than 4 per cent?—A. More from whom, in what respect?

Q. With respect to the value of the Manchester Liners, from their earnings each year?—A. No. I say this, if you are going to discuss the general question of depreciation, that it depends entirely upon the ship you are considering; if she is an old ship, built pre-war, under conditions pre-war, at the present time she ought to be depreciated a good deal more than 4 per cent per annum; 10 per cent might be more like a fair rate. If you consider a modern Diesel engine steamer, with refrigerator space and cooled air space, the position might be a little bit different. We have not had quite sufficient experience in those boats to know what would be an adequate rate of depreciation, but we certainly think 4 per cent in that case would be inadequate.

Q. Perhaps we can put this down as facts and draw our own conclusions thereafter from them, that the Manchester Liners, Limited, transferred to a subsidiary company, of which they owned all the stock, three steamers which were fourteen years old approximately, at the cost which they had originally paid for them fourteen years before, without considering depreciation at all?—A. And which was a good deal less than the then market price.

Q. And a good deal more than the present one?—A. Unfortunately so.

The CHAIRMAN: I wonder if I might ask a question here, which has been running through my mind.

Mr. SYMINGTON, K.C.: By all means.

*By the Chairman:*

Q. Would not the replacement value be a fairer value to calculate what you are making a profit on, rather than the depreciation value?—A. Mr. Chairman, the question of replacement value sounds very easy until we come down to consider it. It depends entirely upon the demand for a particular type of steamer, upon the age of the ship, upon the trade you are going to employ her in, and upon present building costs, which are at present fluctuating considerably. At the present time we are placing contracts for new steamers at four times the pre-war cost—at the present time.

Q. But how do the steamers you are placing now compare with the cost say in 1920?—A. The cost in 1920, which was the peak year of the cost of construction, would run up to about 40 to 45 Pounds per ton for vessels then

[Mr. John R. Middleton.]

being built, which were built on time and lime contracts affected during the war at the request of the Government in order to replace the fleets, and the shipowner had no control whatever over the ships which were built.

Q. But will you tell me what the difference in price in round figures would be for the same type of ship built in 1920 and built to-day?—A. Yes, I will give you my ideas for what they are worth. I am not a practical shipbuilder or an engineer handling these things in the ordinary way of business.

Q. But you are often signing cheques which go to pay these gentlemen?—A. Yes. I should say in 1920 we would probably be paying 30 to 35 Pounds per ton for vessels which were built under conditions prevailing then, which would now be built for 15 Pounds per ton. I am speaking of dead weight tons.

*By Sir Henry Drayton:*

Q. What would be the price in 1904, when these ships were built?—A. It has been as low as 5 Pounds 5s. to 5 Pounds 10/ per ton.

*By Mr. Symington, K.C.:*

Q. Have you then any objection to telling us why the Manchester Liners formed this company and transferred those three boats?—A. Yes, I have an objection, Mr. Symington. I have no objection to giving it to you or to the Committee privately, but I have an objection to giving it publicly.

Q. Are the Furness-Withy people interested in any shipbuilding company?—A. No.

Q. Were they?—A. They were.

Q. They were interested in a company that built boats?—A. Yes. The boats which you are referring to the three.

Q. Yes?—A. No, the Furness-Withy Company had no interest whatever in the company which built the three steamers which have been under discussion.

Q. They had an interest in the company which built some of the other Furness-Withy boats?—A. You must designate the steamers. I cannot reply generally.

Q. Have you the list of the boats there?—A. As far as I know, the Furness-Withys were only interested in a shipbuilding yard which built one of the steamers belonging to the Manchester Liners.

Q. An the others?—A. As far as I know, they were built by outside parties altogether.

Q. I mean the other ships shown in your list?—A. The Furness-Withys were interested in a shipbuilding yard which built some of the steamers shown on my list, but they are not now and have not been for some years.

Q. Take page 185 of your Fair Play, while we are at the Manchester Liners. You see there the balance sheet of the company?—A. Yes.

Q. The capital consists of £457,000 in 5 per cent Preference?—A. Yes.

Q. £445,000 of Ordinary?—A. Yes.

Q. Is it within your knowledge whether those Ordinary shares were shares sold at par, or given with the Preferred Stock, or anything like that?—A. Those shares were subscribed for at par.

Mr. MONTGOMERY, K.C.: In any event, I want to object to evidence of this kind. I understand the returns are being asked for on the boats. There are no returns to get earnings upon that depreciation itself. Questions of that kind, Mr. Middleton, as far as he is concerned, has answered by saying that it is not a question which should be answered generally. I cannot see how it can affect this matter at all in any event.

[Mr. John R. Middleton.]



*By Mr Symington, K.C.:*

Q. On the other side you have steamers, offices, premises and investments. This is only the Manchester Liners now?—A. Yes.

Q. £1,849,000?—A. Yes.

Q. A difference of approximately a million Pounds over your capital of 800,000 Pounds?—A. Yes.

Q. Giving you reserve funds of the amounts shown in the sheet in this book?—A. Yes.

Q. 500,000 Pounds reserve, and sundry creditors including reserve for taxation, etc., 537,000 Pounds?—A. Yes.

Q. Is that your depreciation fund?—A. Mr. Chairman and Mr. Symington, I do not think it is quite right to hold an inquisition into the balance sheet of the Manchester Liners in this public way. It has no relation whatever, as far as we are concerned, to ocean freight rates, and I would rather not reply to the question.

Q. If you say you prefer not to answer it, Mr. Middleton, I will not press the question.

The CHAIRMAN: That is the understanding.

Mr. SYMINGTON, K.C.: I will argue from this public document as to what the situation is; if he wants to make an explanation, well and good.

The CHAIRMAN: He says he prefers to give it in private; that is all right.

*By Mr. Symington, K.C.:*

Q. Then whatever your reserves or special funds are for, or wherever they arose in the earnings of the company, do you take the earnings from those funds as a proper receipt?—A. I have yet to learn that an item on the liability side of a balance sheet produces income.

Q. Your investments, for instance, offset it?—A. I am sorry, Mr. Symington, but I must make these points quite clear, because there are people other than yourself requiring these explanations.

Q. Take your investments which they represent. Do you credit to your earnings the interest from those investments?—A. Most certainly.

Q. And show it, but you do not credit the operations of the year with it, although you charge up depreciation each year?—A. I do not get you at all.

The CHAIRMAN: Why do you not just ask how he treats the earnings from these investments?

The WITNESS: The income from the investments is included with the profit declared by the company year by year.

*By Mr. Symington, K.C.:*

Q. Then is that the investment of the depreciation reserve fund?—A. Certainly not, it is something entirely different, the depreciation or reserve account on the liability side of the balance sheet is something entirely separate and having no bearing whatever upon the steamship investments upon the other side. In other words, that reserve account is not separately invested.

Q. Quite so. They came originally from earnings, whatever it is.—A. It is not necessary to acquire investments out of earnings. You acquire investments sometimes out of your liquid assets, without their being any earnings.

Q. They, in any event, all came from what resulted from the original investment in the original steamship?

Hon. Mr. STEVENS: Of course, Mr. Symington is getting information which the witness declared he would rather not give, in a roundabout way. Mr.

[Mr. John R. Middleton.]

Symington is extracting it from the witness by individual questions, while you ruled that the witness was not bound to answer.

The CHAIRMAN: The witness is not bound to answer anything he prefers to give in camera.

Discussion followed.

*By Mr. Symington, K.C.:*

Q. Mr. Middleton, you were asked to submit a statement showing the number of steaming days on each voyage, have you that?—A. No, I have not a statement showing the number of steaming days per voyage. That is a detail which will be in England, amongst the records kept there.

Q. So we are unable, as far as your lines are concerned, to make any comparison of the cost of steaming, etc.?—A. That is so.

Q. The age of the boat and so on makes a great deal of difference in the cost of operation?—A. The age of the boat makes a difference in the cost of operation, but not so much as do the types of steamers.

Q. At any rate, so far as that is concerned, you cannot give us the steaming days?—A. I cannot.

Q. Then you were asked to submit a statement showing the tonnage carried, in tonnage and cubic measurements, per boat?—A. That question calls for detailed information available in England, and I have not it with me on this side.

*By Mr. Duff:*

Q. Can you give us any general idea?—A. Yes.

Q. What is it? That is better than nothing?—A. The steamers that leave England are approximately empty to 70 per cent of their capacity.

*By Hon. Mr. Stevens:*

Q. What is that again?—A. The steamers that leave England are approximately empty to 70 per cent of their capacity. In other words, they are carrying only 30 per cent of the cargo they are capable of carrying. When they leave this side, the position is different; if not quite full, they are carrying a very substantial part of their space occupied. I cannot give you the real percentages.

*By Mr. Duff:*

Q. Practically a full cargo?—A. Practically—to all intents and purposes.

*By Sir Eugene Fiset:*

Q. Is it 80 or 85 per cent?—A. I cannot give you the exact figures. I would be guessing if I did, Sir Eugene, and I do not want to give you even a surmise.

*By Mr. Duff:*

Q. Can you not tell us what it costs and the length of time it takes to bring a steamer eastbound across the Atlantic to-day?—A. That is an engineering question, and I am an accountant.

The CHAIRMAN: You could count the days.

The WITNESS: Most of our steamers average between  $11\frac{1}{2}$  and  $13\frac{1}{2}$  knots, so I think you could work it out pretty well.

*By Mr. Symington, K.C.:*

Q. Well, Mr. Middleton, you see if you cannot give us that, we cannot arrive at any satisfactory unit of comparison—

[Mr. John R. Middleton.]

Mr. DUFF: Pardon me just a moment, Mr. Symington.

*By Mr. Duff:*

Q. Can you tell us now much coal per day they burn?—A. Some of them burn oil and some are burning coal.

Q. But those burning coal?—A. No, I cannot.

Q. Have you no idea?—A. I really have not.

*By Mr. Symington, K.C.:*

Q. Mr. Middleton, it would be impossible, unless you can give us that information, to arrive at any satisfactory unit of comparison with any other boat or line?—A. It is not for me to pass any comment as to why you wish all the details to make comparisons.

Q. That would be necessary if we wanted to make comparisons.

Mr. MONTGOMERY, K.C.: As a matter of interest, as we are discussing not only Mr. Middleton's evidence, but the general form of the questionnaire which has been asked for,—it seemed the more convenient way to do it—may I ask if we are tremendously interested in that?

The CHAIRMAN: In what?

Mr. MONTGOMERY, K.C.: As to whether one boat burns more coal than another, or something of that kind.

The CHAIRMAN: I would think so.

Mr. MONTGOMERY, K.C.: Let us face the question.

Mr. SYMINGTON, K.C.: I will tell you why I want it, if you will let me finish. We cannot check these figures; we have to take them on faith. We want to compare the units on various lines to decide whether these figures are right or not.

Mr. MONTGOMERY, K.C.: Are you going to suggest that because one boat showed a higher coal consumption than another, that the figures are wrong, either those certified to by an auditor?

Mr. SYMINGTON, K.C.: No, but I should say if one company's expenses as compared to their earnings are higher than another company, without an understanding we cannot accept these figures.

Mr. DUFF: In other words, if one class of boat burns 25 tons per day, and another class burns 50 tons, must the public pay for the extra 25 tons?

Mr. MONTGOMERY, K.C.: Let us take it in another way. Has the inquiry come down to this; that the question at issue is whether we should put on Diesel boats, of the Petersen type, to replace boats that are showing a consumption of fuel of a higher value, and to subsidize them for that purpose? These boats are serving the Canadian trade at the present time. Unless their results are very, very strikingly out of line, I do not know that this inquiry is for the purpose of ascertaining what type of steamer is best suited for the Canadian route, so that the other ones can be driven off the Canadian route, or replaced by something else which the Government will subsidize. I have never understood that to be the purpose of this inquiry. These companies are companies which know their own business fairly well; they are all established operating companies, and I do not think it is likely that with the experience of a new man entering the business, he would know much more about the operation of the steamships than these companies who have been managing them for years. It is to be expected that in their own interest, they will operate the boats which are the most economical. They are business men, and are using their best judgment to try to make the business pay, and do the best they can with the type of steamers best suited to a particular trade. Is it the idea of this Committee to substitute



its judgment for the judgment of these owners as to what class of boat they should employ, to substitute some other boats, take these boats off the routes, send them off to some other route, or be charged with earning excessive rates, if they showed a loss in any one of them, because, mind you, their operations are not conducted for the purpose of this inquiry, they are conducted in the ordinary course of their business, because they are seeking to get a fair profit out of them, if they can.

The CHAIRMAN: May I answer that observation, Mr. Montgomery? It would seem to me that the attitude taken by the steamship people, in part at least, was this: "It is true we arrange rates by Conferences between ourselves, and we say those rates are fair and reasonable, and do not even give us a fair return for the services rendered". Now, that being the attitude taken by the steamship companies, surely it is germane to the inquiry for us to say: "Convince us that the boats which you are operating are boats which fairly meet the requirements of the trade". For instance, as Mr. Duff says,—and this is simply a case by way of illustration—if we found that a certain line of boats are burning 50 per cent or 100 per cent more coal than any other line, I think that we could fairly say that the results from the operation of the line burning the double quantity of coal shall not be taken by us as a guide to what the freight rates should be.

Mr. MONTGOMERY, K.C.: Upon the evidence as we have it to-day, are we not relieved of a great deal of this theorizing? We have it in evidence that the world is full of surplus tonnage; that the ports are full of boats which are laid up waiting until such time as their operating losses will not be greater than their laying-up ones. In other words, they will come out and operate just as soon as they get to a point where they can operate at a smaller loss than that for which they can keep the boats laid up. It is not to be supposed in that condition of affairs that the least economical of the boats are operating.

Mr. SYMINGTON, K.C.: Mr. Chairman, what I was getting at, I think is very germane to the Committee. Let us take that point raised by Mr. Duff. We have, up to the moment, information that on one line 16.9 of its gross earnings—and that represents a lot of money—is consumed in coal; another line 32.3 per cent, or twice as much, is consumed in coal. Are we to base our freight rates upon conditions such as that?

Mr. DUFF: You mean the latter condition?

Mr. SYMINGTON, K.C.: Yes, the latter condition. Are these boats, of which the witness speaks, built in 1899, to be taken as the basis? If they are,—and they are apparently tremendous boats to operate—we can never hope for any lower freight rates. These are questions upon which we want information before we can come to a reasonable conclusion upon the subject. Furthermore, if we are asked to take figures on faith—if we can show comparisons such as that—I do not know whether the auditor, when he finds differences of that kind, would be justified in saying, "I will not take their figures."

Hon. Mr. STEVENS: Just on that point, Mr. Chairman: Mr. Symington has repeatedly referred to "taking figures on faith." I would say that it is quite useless and hopeless to carry on this inquiry, if we cannot accept the sworn testimony of the witnesses. We might as well decide that question now. If we are going to say that we are not going to believe Mr. Young or Mr. Marlow or Mr. Middleton or these gentlemen who are here and sworn—and we can question them most exhaustively—what is the sense of going on with the inquiry? My contention to-day is the same as it was the other day, that these gentlemen have come before us, and I think in all cases we can say they are most exemplary witnesses, and the figures they have presented they swear are the correct figures, representing correctly the voyage accounts. Now surely, we are going to accept those or else repudiate the witness entirely.

[Mr. John R. Middleton.]

Mr. DUFF: I think you are quite right, Mr. Stevens, still I think we should try to arrive at a comparison to see whether the boats which are running are economically run.

The WITNESS: May I point out, that, if you take two similar steamers, the difference in the fuel consumption will not be more than seven and one half per cent to ten per cent; if you compare a passenger steamer running to Canada light, with a cargo steamer, you can get a percentage of difference in the fuel cost that Mr. Symington has stated, but I cannot for the life of me conceive of one consuming 35 per cent and the other one 16 per cent unless there is a big difference in the freight also.

Mr. SYMINGTON, K.C.: We are taking your cargo boats.

Mr. SHAW: Do I understand the question shortly to be this, that the statement which has been furnished by the witness does not disclose the speed of the ship and does not disclose the fuel consumed. If the witness has not got them here, perhaps he will undertake to cable them to us when he gets to England.

Mr. BLACK (Halifax): What company shows the 33 per cent and the 16 per cent?

Mr. SYMINGTON, K.C.: I am not at liberty to disclose that.

Mr. BLACK (Halifax): It might be a passenger ship.

Mr. SYMINGTON, K.C.: It is not a passenger ship.

Mr. BLACK (Halifax): There might be a vast difference in the size of the ships.

Mr. SYMINGTON, K.C.: This is taken from the preliminary report which will be made to the Committee and those are management and fuel costs and so on.

Sir HENRY DRAYTON: What would be more interesting would be what their tonnage was than what their cost per diem in steaming was. The idea of the percentage of freight means nothing. One boat might have a small cargo and that would mean a tremendous cost for coal in the earnings; while the other boat might be filled up and have a small cost for coal.

Mr. SYMINGTON, K.C.: We have asked for a statement in tons and cubic measurements of each voyage and that is what he says he cannot give us.

Sir HENRY DRAYTON: The illustration you gave does not mean anything of importance at all. It may mean the fluctuation in cargo instead of fluctuation in coal.

Sir EUGENE Fiset: We all seem to forget the information Mr. Symington is asking for, and Mr. Scott, our own auditor, needs that information in order to prepare his own report to the Committee.

Mr. MONTGOMERY, K.C.: Whether it is the result of voyages and so on, or a whole lot of statistical information, it may be interesting for people proposing to go into the business themselves, but I do not think it has a purpose in this inquiry. I think Mr. Symington was mislead when he made the comparison a few moments ago, when he made the coal figures, one 16 and the other 33. I am sure he will see those were percentages to receipts.

Mr. SYMINGTON, K.C.: That is what I stated.

Mr. MONTGOMERY, K.C.: Obviously you vary with the freights.

Mr. DUFF: A steamer will burn as much coal without any cargo as with a cargo.

Mr. MONTGOMERY, K.C.: So one boat might be as economical as the other in coal burning and might not have the same receipts for one reason or another.

The CHAIRMAN: Rightly or wrongly, I think it is interesting for the Committee to get the information which Mr. Symington is trying to get. We have the advantage, I think, of having a very well informed and a very candid witness before us, and I am anxious that we proceed with his examination in order that we might get all the value we can from his presence.

Mr. MONTGOMERY, K.C.: Surely you do not suggest that the amount of coal consumed by a ship should be compared with the earning of a ship for a voyage. It might earn nothing.

Mr. SYMINGTON, K.C. That is the reason I am asking this question, to give us the tonnage, the tonnage and the cubic measurements per voyage and then we can decide whether it is burning too much coal or not. You say you cannot?

The WITNESS: I think you can take it from me that our steamers are operated as economically as possible, even in our own interests, apart from any question of Canadian freights. Please, we are in this business not for the good of our health.

*By Mr. Symington, K.C.:*

Q. What I asked you was, can you give us a statement showing the tonnage carried, in tons and cubic measurements per voyage?—A. I am sorry I cannot, but I could if I was in England.

Q. You cannot give it to us?—A. Not here.

Q. The next thing on the statement is, the written down value of the books as shown by the books of the Manchester Liners Limited?—A. I think you have already raised that question.

Q. You do not write it down in your books?—A. We do not write down the value of the steamers in our books.

Q. The question then of depreciation in your line is not governed by any of the methods that were suggested by Mr. Young in exhibit 35?—A. That is so.

Q. Generally speaking your boats are of a fairly good age? The Manchester Liners are fairly old boats. There is one I see, in 1922 but they run from 1899 on?—A. There are five steamers not more than five years old out of eleven.

Q. You seem to put some reliance in "Fairplay," which says the company owns fifteen steamers, averaging fifteen years of age?—A. That would be probably true.

Q. Then you were asked to submit a balance sheet for 1922, 1923, and 1924, with details supporting the various items as shown thereon?—A. I am not in a position to submit the balance sheets for 1922 and 1923. I have submitted a balance sheet for 1924 for Mr. Scott's inspection.

Q. Along the line of Sir Henry Drayton's suggestion, if we had those three balances we might be able to trace the progress of the company during those three years?—A. You are asking for the details contained in that balance sheet. I am sorry that I cannot reply.

Q. You cannot give us the balance sheet apart from the details?—A. You have the 1924 balance sheet in front of you.

Q. We have not got 1922 or 1923 balance sheets.—A. I have not got them with me.

Q. Can we get them later on?—A. They are in England. They are published broadcast, if they are required.

*By the Chairman:*

Q. Would "Fairplay" have them?—A. This is the first publication of "Fairplay."

[Mr. John R. Middleton.]



Q. Would it be found in any other publication?—A. Yes. The whole of the shipping papers in England would publish that balance sheet and comment on it, year by year, as they do with all shipping companies.

*By Sir Henry Drayton:*

Q. Lloyds Register would have it?—A. Lloyds Shipping News, "Fairplay" and all these publications.

Sir HENRY DRAYTON: The witness said the balance sheets for 1922 and 1923 would be readily available in any of the shipping publications published in the Old Country, such as "Fairplay," "Lloyds Shipping News," and a whole lot of them.

*By Mr. Duff:*

Q. I thought they would be here.—A. I cannot get them because I have to leave for England in the course of a few days. You can get copies of the balance sheets for 1922 and 1923, which I am afraid would not be very helpful.

Mr. SYMINGTON, K.C.: Mr. Scott says they would not be of very much use without the details.

Mr. DUFF: It would show how much they put to reserve, profit and loss and so on.

The WITNESS: The amount transferred to reserve in 1922 and 1923 is nothing for each year.

The CHAIRMAN: That is easily understood.

*By Mr. Symington, K.C.:*

Q. Then you are asked with respect to management commission, what amount and percentages are paid over or credited to Furness-Withy Company, who are the chief shareholders?—A. Not one penny either by way of management or commission.

Q. Number Seven, what contracts if any, have Furness-Withy Company, who are the chief shareholders of the Manchester Liners Limited, with regard to any of the items contained among the expenditures shown on the summary of voyages?—A. There are no contracts between Furness-Withy and Company and the Manchester Liners with regard to any expenditure shown in the voyage statements.

Q. Do I understand you to say that the Furness-Withy Company purchase supplies but that they furnish them at the same price?—A. I especially barred the Manchester Liners, if you remember.

Q. Then Number eight; contained in the amount set up as sundry expenses, which of these items are paid to the managers who in turn make disbursements therefrom, and what balances stand at the credit of this account after such disbursements have been made?—A. These amounts are not paid to the managers. The Company is managed by its directors. What happens is this: These items are calculated on the basis of actual expenditure incurred by the company, and it is not possible to charge each ship or each voyage with the exact amount of sundry expenses at the time the voyage accounts are made out, so a round sum is included in each voyage and credited to the expense account in the company's books. When the company pays that, it is charged against that account and at the end of the year there remains always a debit balance to be written off against the company's profit and loss account. In other words the steamers do not bear the whole of the expenses of overhead. There is always something to be charged up against the general trade of the company in their profit and loss account.

[Mr. John R. Middleton.]

*By Mr. Duff:*

Q. You do not put a special amount in your voyage account to cover managerial and sundry expenses?—A. There are always expenses, such as cables, telegrams and so on, which are not fair to be charged against the steamer.

*By Mr. Symington, K.C.:*

Q. You suggest then that £500, or whatever the sundry per voyage charged, is not sufficient to cover sundries?—A. The £500 cover other things besides sundry expenses.

Q. It is in under your sundry sheet?—A. Yes.

Q. Is it sufficient or not to cover the items it is intended for?—A. In the case of the Manchester Liners they get very near to the actual cost but they never quite cover it.

*By Sir Eugene Fiset:*

Q. Is it the same thing against every ship, always the same?—A. If a ship was trading for three months and another for six weeks on another voyage, the charge would not be the same.

Q. You take the average. The balance would be covered from the general fund?—A. That is right.

*By Mr. Symington, K.C.:*

Q. In that connection £500 is the lowest sum charged to each voyage and there are sums above £500 charged for sundries in each voyage?—A. In one list again you will find the charge is £500 per voyage, in the other £540.

Q. That is near enough. There is one for instance I just happened to notice, £603?—A. It may have been a longer voyage.

Q. But it is generally based upon £500 for the voyage for sundries, plus the longer voyage, whatever it might be.—A. That is so.

Q. I think you had a slip there, if you will give the auditor a copy of that, of how that is made up.—A. Mr. Scott has had this list. If he likes to have a copy later, he can have one. I don't think one need read this into the record.

Q. No, no, give it to Mr. Scott.—A. I will give it to Mr. Scott.

Q. Thank you. Do the directors or shareholders get anything out of that £500, sundries?—A. Not one penny.

Q. Then, 9. Do the Summary Voyage Returns agree with the regular books of account and do they include any estimated figures in regard to expenditures or income?—A. The Summary of the Voyage Returns agrees exactly with the regular books of account, to a penny. The only estimated amounts are those which we have just been mentioning, except in regard to classification survey, which amount I think is put in at £150 per voyage. You have the voyage papers. I am speaking from memory. Now with regard to this item, as you are probably aware, a steamer must be reclassified under Lloyd's rules, every fourth year, and naturally we make this provision in the Voyage Account to cover that expense when it arises.

*By Sir Eugene Fiset:*

Q. In advance?—A. In advance.

*By Mr. Symington, K.C.:*

Q. Is that the general method?—A. It is the general method in every company with which I am connected.

Q. It does not seem to be the method in the C.P.R. as far as I can see.—A. It is to my mind the only fair method, because your steamer is suffering damage and repairs all the while and will require repairing at the end of her fourth year.

*By Sir Eugene Fiset:*

Q. If the amount provided is not sufficient, you take the balance from the General Account?—A. Then you must charge the balance up against your steamer's Revenue Account.

*By Mr. Symington, K.C.:*

Q. What you do then is set up in anticipation of certain repairs you would have to undergo at the end of the term, of how many years?—A. Every fourth year.

Q. A certain sum from each voyage per year.—A. Yes.

Q. And at the same time you have repairs, overhaul expenses each year in addition?—A. Per voyage, each voyage.

Q. And then at the end of that fourth year, when you put your boat into Lloyd's to be re-classified, they may call for some work to be done?—A. Yes.

Q. And you pay that by taking it from this Reserve Fund which you have set up on each voyage during the past four years?—A. That is the method.

Q. And if the amount is not used it goes into the profit and loss of the company?—A. If the amount is not used, it is as a rule brought back to the credit of the steamer; to the credit of the steamer's revenue account. As a rule the amount provided is not sufficient.

Q. You could not bring it back four years and credit it on the voyage accounts of course?—A. We would, in that particular year, but the margin between the amount provided and the amount actually spent is never of any moment at all.

Q. Do these boats not have surpluses on that account?—A. You mean, do they have credits when they go through their periodical survey?

Q. Yes.—A. It is a very rare thing to find a credit on the Repair Account when the steamer has gone through her periodical survey.

Q. Does the amount shown as Outward and Inward Freight disclose the gross amount collected from the consignee before any deduction is made for brokerage, commission, or other charges? If not, how much brokerage or commission is deducted?—A. It does show the gross amount and represents the actual ocean freight due to the steamer.

Q. Does it represent the gross amount paid by the consignees?—A. It is the gross amount payable to the ship for carrying that cargo.

Q. Mr. Young, in giving his evidence, said at page 80: "Now the next item, Freight Earnings, will you tell us what that includes?—A. Freight Earnings represents the full freight earned by each voyage after deducting a certain amount of brokerage, commission to freight agents and such like expenses." Is that what you do?—A. Mr. Young was speaking in connection with the whole amount contained in that summary. I am speaking of one particular group alone.

Q. So the Summary taken on that basis is not from your figures; you show the gross earnings actually?—A. It is our invariable practice in making the steamer's Voyage Account, to show the gross amount without any deduction whatever.

Q. But that is not what was done in this account.—A. Other people, other ways.

Q. Then why is it that on the schedule of Voyage Results, as per Trading Account, Financial Year 1st July, 1923 to 30th June, 1924, entries are made eliminating from the Voyage Account submitted to us such items as Reserve for Classification Survey and Management Commission?—A. For a very good reason, Mr. Symington, which I would rather not give publicly. If you will reserve that perhaps until we are in camera.

Q. You would sooner not answer that?—A. Yes.

[Mr. John R. Middleton.]



Q. Very well. You will indicate that to Mr. Scott?—A. In reply to the question.

Q. You will answer the question to Mr. Scott?—A. Oh yes. I will to the Committee too, if they wish, but not publicly.

Q. These are Mr. Scott's questions, not mine. Perhaps Number 12 is similar. With respect to Question number 12, you prefer to give the answer to the auditor?—A. To reply privately, yes.

Q. Is any of the insurance charged in the Voyage Account paid over to any companies in which Furness-Withy have an interest?—A. This is a most difficult question to answer. The Furness-Withy Company, if I may say so is not a four-pence-halfpenny concern, sir. We have many varied interests; in insurance companies and in all kinds of companies in England, and it may be that part of the insurance premium that is paid by the Manchester Liners to the underwriters finds its way back through re-insurance to some company in which Furness-Withy are interested. I do not know, and cannot tell. Nobody can tell.

Sir HENRY DRAYTON: Is not the payment of a proper rate the real question?

Mr. SYMINGTON, K.C.: They have not given us any figures as to the insurable value.

Mr. MONTGOMERY, K.C.: The insurable value does not come into it. It is a question of whether the premiums paid are excessive.

The CHAIRMAN: The witness had not finished his answer. Let him finish.

The WITNESS: I can say this, the steamers are in every case insured at the lowest market rate obtainable, and nobody is on better terms with the insurance underwriters than the Manchester Liners.

*By Mr. Symington, K.C.:*

Q. Are the insurance items mentioned in the Voyage Summaries entirely on the hull?—A. They are on the hull and machinery. There is no insurance in respect of the cargo carried by the vessels. That I think is the purport of the question.

Q. Can you give the amount of insurance carried on each hull, and the rate and names of the insurance companies?—A. No, I cannot give you the amount for each ship separately, or the rates, or the insurance companies. That again is detailed information available in England, which we could supply over there quite readily.

*By Mr. Duff:*

Q. Do the insurance companies remit a commission back to the Furness-Withy Company?—A. They do not. The Furness-Withy Company do not get one penny out of the Manchester liners, directly or indirectly, other than dividends on their shares.

Q. Do the underwriters pay a commission for the business they get?—A. The underwriters are never known to pay a commission to anyone, Mr. Duff.

Q. They do in this country.—A. Insurance brokers may get a commission for services they render, but the insured party and the underwriter will not exchange any commission between them. The insured party and the underwriters are not concerned in any question of commission.

*By Mr. Symington, K.C.:*

Q. Among their various activities are Furness-Withy insurance brokers as well?—A. They are, Mr. Symington.

Q. So there would be nothing against Furness-Withy, as insurance brokers getting a commission?—A. Except that they do not do it.

[Mr. John R. Middleton.]

Q. They do not do it. Well, that is definite enough. Sixteen and seventeen were questions with respect to a couple of voyages that were picked out, and the amount of wages paid, and number of men employed. You say you cannot give that?—A. The information as to the number of men employed and amount of wages paid, will be contained in the Portage bill rendered by the captain at the end of each voyage. I never thought of bringing those portage bills with me to show the whole of their details, but it is the fact that the numbers of the men are fixed according to the Board of Trade rules. We have no option in that kind of thing. And the rates of wages paid to the master and the officers, and the amount of wages, are fixed by the Maritime Board, and again we have no option and no one would have an option on that kind of thing. It is a fixed scale.

Q. It is only necessary to say that you cannot furnish it.

Mr. MONTGOMERY, K.C.: No, that is not sufficient. I would like to have this understood. I made it quite clear at the opening that I thought we would be able to appreciate the necessity of a great many of these things when applied to the other lines, when the purport of the questions and what is contained in them was discussed with this particular witness as he went along; it is more or less typical of questions that have been asked of every other line.

*By Mr. Symington, K.C.:*

Q. If that is so, Mr. Middleton, then the wages on the same type of ships should be the same?—A. If the number of men is the same.

Q. You say you employ the number of men which some regulation requires you to do and that you pay the wage some regulation requires you to pay.

The CHAIRMAN: An officer in charge of a larger ship would get a larger salary.

Mr. SYMINGTON, K.C.: I said boats of the same type.

The WITNESS: There is a minimum number of men fixed by the Board of Trade, which they fix as the number of men which must be on board before the ship is counted seaworthy, but an owner having a pride in his vessel and crew, does not run it on a "barebones" basis; he has a margin over safety. If other people propose to run their vessels on a "barebones" basis, that is their affair, but we do not.

*By Mr. Symington, K.C.:*

Q. We have asked for two different boats picked out, the number of men employed and the wages paid.—A. There again is not the obvious reply that we are running these ships to lose as little money as possible, and being as economical as we can.

Q. That answer could be given to the whole enquiry, no doubt, if we were the judges. In any event, you cannot give this information to us?—A. No.

Q. So that we can make no comparison along that line. Does the depreciated value shown on the Voyage Returns agree with the depreciated value of each steamer shown by the books of the company?—A. I have already answered that question.

Q. Should we decide to go to the books of the Manchester Liners, can we find the same classification and items as shown on the Voyage Returns submitted by you? If so, in what books?—A. You will find the same classification and the same information shown in the Voyage Returns, in the books of the Manchester Liners; and you can get from those books full details of everything appearing on that Voyage Statement; and if it is considered by this Committee necessary, we shall be very glad to place the fullest information at the disposal of Mr. Scott or anyone else who comes over to inspect the records. Provided that they come, as we are here, at their own expense.

[Mr. John R. Middleton.]

The CHAIRMAN: That is almost a Scottish remark.

*By Mr. Symington, K.C.:*

Q. You are asked for the missing Voyage Accounts for the year 1924?—A. This calls for some explanation. I have supplied the whole of the Voyage Accounts available for the financial year ended 30th June, 1924. The accounts after that date form part of the financial operations of the company for the year ending 30th June, 1925. As those accounts have not yet been submitted for audit, and have not been incorporated with the company's published accounts, I have not submitted them, as they cannot be held to be finally determined.

Q. That is, that all the Voyage Accounts from June 30th, 1924, to the end of the year are not furnished because, what? They were not prepared?—A. They have not been incorporated with the company's annual accounts; they have not been audited; they are prepared, certainly, in the company's books; they have not been audited and I thought it was wise not to submit them until they could be absolutely properly verified.

Q. Are they made out after the end of each voyage?—A. They are made up as soon as possible after the close of the voyage. Not immediately. It sometimes takes a month or six weeks.

Q. So we have no accounts, so far as your company is concerned, after June 30th, 1924.—A. So far as the Manchester Liners are concerned.

Q. That is what we are discussing. Have you any record showing a general classification of the accounts kept in the books of the Manchester Liners, and are accounts kept in the books of the Manchester Liners under other names than those shown in the summaries?—A. Very detailed information. The books of the company contain all the necessary accounts, and they are properly kept; there are accounts of the steamers, and a separate account is kept in regard to each particular item for each steamer, so that they can be quite easily traced. Each voyage includes the whole of the items applicable to that voyage, with the actual expenditures of that voyage, also the estimated items I have mentioned earlier, in paragraph 9. The books contain other personal accounts, personal accounts with shippers as well as other accounts with people, and if you want to inquire, they are in the voyage statements, and can be traced in the company's books quite easily.

Q. You have no accounts which cannot be traced?—A. We have no accounts which cannot be traced quite easily. All that has been done by two sets of auditors already.

Q. You were asked to furnish a statement of the replacement value of the boats?—A. I thought I replied to a question by the Chairman on that subject, but I will give it again if you wish.

Q. Never mind, I do not want to cumber the record.

*By the Chairman:*

Q. I do not think you replied to a question I put to you as to whether the replacement value would not be a fair basis upon which profits or possible profits should be calculated, rather than the book value, which might differ from company to company?—A. If you can ensure to us, Mr. Chairman, that any replacement value we may fix to-day will hold good for ten years, the suggestion might have some weight.

*By Mr. Symington, K.C.:*

Q. The same thing applies to costs as to rates, I suppose?—A. Exactly.

Q. And losses and profits?—A. Exactly.

Q. For ten years, you say?—A. Of course as ship owners we always remember the seven years of famine and the seven years of plenty; at present we are in the seven years of famine.

[Mr. John R. Middleton.]



Q. The next question in respect of the commission you have answered?—  
A. Yes.

Q. Then we asked for typical pay-rolls in support of any five of the voyage accounts?—A. There again, that is the Captain's portage bill, which is a detailed statement handed in by the Captain. They are all in England and can be inspected at any time, if necessary.

Q. We also asked for details of stores and provisions?—A. Those are purchased at current market prices. Proper provision is made at the end of each voyage for all stores remaining on board. There can be no question about that.

Q. You cannot give us any details of any voyage; you have not got that here?—A. I have not got that here. I do not know what details you would require that would be helpful, in any case.

Q. Can you show how the item of premiums is usually dealt with?—A. That is the actual proportion of the actual premiums calculated on the number of days occupied on the voyage, subject to any laid up returns or any other adjustments relating to that particular voyage.

*By hon. Mr. Stevens:*

Q. What do you mean by the term, occupied on the voyage?—A. That is the actual number of days occupied on the voyage.

*By Mr. Symington, K.C.:*

Q. That includes your lay-up under 30 days?—A. Under 30 days.

Q. That is, it includes the time you left to go across, the time it took you to unload and to re-cross, including the time it took you to re-load again, with a limit of 30 days to that period?—A. That is right.

Q. After 30 days you change?—A. You do not lay up a steamer for less than 30 days, otherwise you get no return on your policies.

Q. Have you any details showing how the item of repairs is made up?—A. That is the amount for repairs and actual expenses incurred on each voyage for repairs necessary to keep the vessel seaworthy. No amount is credited to reserve out of the amount charged on a voyage account.

Q. You do not do like the others, if that is the actual expense; can you furnish the continuity of all reserves, starting with the balances as of the 30th of June, 1922?—A. They would stand now exactly as then, subject to any amounts we might withdraw from the reserves. Certainly nothing has been added to the reserves from June 1922.

Q. That would be shown in your balance sheets, if it had?—A. Yes.

Q. You were asked to submit a statement of the coal tons consumed on each voyage?—A. Full details of the fuel consumed on each voyage will be found in the voyage documents at the head office of the company, and naturally I did not bring those details with me to verify these fuel accounts we paid. One would never suspect for a moment that that would be required. They are there, and can be examined. The voyage is charged with the actual quantity of fuel consumed, after taking into account the fuel remaining on board at the end of the voyage.

Q. Have you as supervising or chief accountant gone into the question of the amount of coal your Liners burn?—A. That is a matter which our superintending engineer's department would deal with, not myself.

Q. You do not know, in any event?—A. I only know the cost of the coal. The matter you mention receives the attention of our superintendants, voyage by voyage; that is their job.

Mr. DUFF: If you divide the number of tons by the gross amount, wouldn't that give it to you by the voyage, Mr. Symington?

Mr. SYMINGTON, K.C.: But we do not know the steaming days, Mr. Duff.

[Mr. John R. Middleton.]

Mr. DUFF: It ran from 11½ to 13½ knots an hour.

The WITNESS: Yes, but you are speaking of grouping all the steamers. The 11½ and 13½ I gave as a group, but that does not give the price per ton to a steamer, or the total cost of the ton.

*By Mr. Duff:*

Q. Do you know the cost of coal?—A. I could not tell you the cost of coal.

*By Mr. Symington, K.C.:*

Q. These voyage accounts do not show the portage on each voyage?—A. You make me regret that I did not bring the whole staff from London.

Q. At any rate, you don't know?—A. I don't know.

Q. Even as chief accountant you do not come to any conclusion as to whether your coal costs were high or low for your steaming days?—A. That is a matter for our steamship-managing department.

Q. You have nothing to do with that?—A. That is purely an operating matter, not an accounting matter at all.

Q. It is an important matter, is it not?—A. Yes, it is an important matter, and we have a staff in London watching these matters every day. They are so important that they are not given to the accounting department.

Q. What is the average steaming of these Manchester Liners?—A. The number of miles steamed per day?

Q. Yes.—A. I would rather you would ask somebody else, Mr. Symington. Somebody else can give you a much more intelligent answer than I can.

Q. Do you mean in the Manchester Liners?—A. Somebody else here I think can give you a better answer than I can, probably Mr. Nichol, of our Montreal offices can give you that information better than I can.

Q. Then you do not know the average steaming days on your voyages?—A. No.

Q. We also asked you: Are managers, who may be chief stockholders, interested in any of the brokerage companies, who have contracts with the steamship companies, and what amount in brokerage was paid to any of the brokerage companies in which such managers were interested, either directly or indirectly?—A. This question is a searching question, following the matter you raised on the question of insurance. The Manchester Liners is a company managed by a Board of Directors, and not, as your question seems to imply, by any firm of shareholders who may act as managers. The directors of the company manage the company. So far as I can ascertain, neither the Furness-Withy Company nor any of the principal shareholders are interested in any brokerage companies; there are no contracts between brokerage companies and the steamship companies, they do not make contracts between those two types of companies. It is quite usual for shipping companies to have attached to their organization a forwarding organization, which obtains business in respect of their own organization, or of their own lines, to handle the traffic, for which purpose a brokerage commission is usually paid by the Line carrying the goods. But this commission is very small and is calculated on the amount of freight. Whether any of the shareholders of the company are interested directly or indirectly, in other firms where brokerage arrangements exist is quite an ordinary thing in the steamship business; for instance, there may be a shareholder in the Manchester Lines who may be shareholder in the Furness-Withy Company, or who may be a shareholder in some other forwarding company. But how do we know?

Q. The Furness-Withy Company occupies that position, I suppose? Supposing the Furness-Withy Company got business and put it into the Manchester Liner's boats, would they charge them 2½ per cent?—A. Only where we have offices. We have offices in Montreal, furnished by the Furness-Withy Company,

[Mr. John R. Middleton.]

and those offices look after the steamers of the Manchester Lines coming to Montreal, and naturally this company receives a commission on any freights obtained for those steamers.

Q. The Furness-Withy Company own the stock of the Manchester Liners Company?—A. No.

Q. They control it?—A. No. Turn up your little red book, and you will see exactly how much they own. Please do not read the figures out.

Q. No, I won't. The Furness-Withy and Sir Frederick between them?

The CHAIRMAN: You should have a generic term covering all these people. Call them Marine Knights.

*By Mr. Symington, K.C.:*

Q. In any event, they charge  $2\frac{1}{2}$  per cent on the business for getting the business?—A. That is right.

Q. So that in your item of management commission which is shown—I am not going into the amounts on each of these sheets—that is what it represents?—A. That is what it represents.

Q. Money paid in that way to the Furness-Withy by the Manchester Liners?—A. Not paid to Furness-Withy entirely, but it is paid on this side or the other side for that purpose.

Q. But it is paid to Furness-Withy in Montreal?—A. No, in Manchester.

Q. In Montreal Furness-Withy have an office?—A. In Montreal the Furness-Withy Company have an office, and that office looks after business on this side.

Q. But if Furness-Withy on the other side give the Manchester Liners on the other side cargo, they get paid a commission or a brokerage?—A. I do not think they would, in the ordinary way.

Q. I understood you to say that they do?—A. I say that on this side we have our own offices in Montreal.

Sir HENRY DRAYTON: You also said in some particular cases it was paid?—A. It may be so.

*By Mr. Symington, K.C.:*

Q. If they turned over that freight to them?—A. I suppose so.

Sir HENRY DRAYTON: Ordinarily it does not apply at all, but in some cases they do it.

*By Mr. Symington, K.C.:*

Q. I took your answer to be that if Furness-Withy turned over to the Manchester Liners in England they got a commission?—A. But that item is not what we are now discussing; that is something entirely different.

Q. The Manchester commission shown on the voyage sheets is something entirely different?—A. That is entirely different.

Q. What is that?—A. That is the amount charged by the Manchester Liners to cover their general overhead expenses and is profit to them for managing; it represents a very small percentage on the freight; as I say, it is supposed to cover their expenses at Manchester.

Q. So that the Manchester expenses are the expenses in these summaries, that is, of the Manchester Company's offices, overhead and so on in Manchester?—A. In Manchester. You will notice in the annual accounts that each item of expenses of that kind is written back to Profit and Loss account, and the total charge is charged back in the head office as one amount.

Q. Then where do these appear, if you paid the Furness-Withy Company?—A. In the port disbursements.

Q. Does that appear in the port disbursements, in Mr. Young's account?—A. It will.



Q. The commissions that the Manchester Liners of 2½ per cent to the Furness-Withy are actually shown in these voyage sheets as port expenses?—A. We are getting down again to a lot of detailed information, which we might avoid.

*By Hon. Mr. Stevens:*

Q. Will you answer this question; if you did not pay it to the Furness-Withy Company, would you pay it to somebody else?—A. Most certainly, if not to them, to somebody else.

Q. It is a proper charge?—A. It is a proper charge, and I don't think any other Line going into Montreal has their steamers managed so cheaply or more cheaply.

The CHAIRMAN: It is almost six o'clock, Mr. Symington.

Mr. SYMINGTON, K.C.: There are just three more questions, I think.

*By Mr. Symington, K.C.:*

Q. Are there any further details supporting the evidence of these voyage returns which you have not submitted?—A. I have submitted everything I have in my possession.

Q. Are any of your boats operated as individual companies?—A. No, they are all owned by Manchester Liners, and operated by that company. They are not owned by individual companies at all.

Q. Have all the voyage accounts for 1923 and 1924 been submitted to us, for steamers plying between United Kingdom and Canadian ports, and also between United Kingdom, Continental, Canadian and U.S. ports?—A. I have supplied all the voyage accounts for 1923 and 1924 for steamers plying between United Kingdom ports and Canadian ports, with the exception of those I mentioned, occurring after the end of June, 1924.

Q. You have furnished them all up to the end of June, 1924?—A. The company does not trade on the continent at all.

Q. Then the next question is. Why is it that the results from the voyages of the S.S. Mariner, S.S. Port, S.S. Merchant, for the year ended 30th June, 1924, do not appear in the detail Profit and Loss submitted to us?—A. Of course, now you know; they are owned by another company.

Q. Those are the Ocean Services boats?—A. Owned by another company.

Q. Then you were asked to submit a statement showing expenditure and cost per unit of transporting all immigrants, if any transported.—A. We do not carry immigrants.

The CHAIRMAN: Is that all?

Mr. SYMINGTON, K.C.: That is all the questions I have.

The witness retired.

The committee adjourned.

The Committee resumed at 8 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, the Committee will please come to order.

Mr. SYMINGTON, K.C.: Mr. Chairman, Mr. Carruthers of Winnipeg is here, and is very anxious to get away to-night. He will be very short. May I call him now?

The CHAIRMAN: Have you any objection, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I understand he is here regarding butter, and I do not know very much about it, but I will do my best.

[Mr. John R. Middleton.]

The CHAIRMAN: We will hear Mr. Carruthers, gentlemen, who is here from Winnipeg and anxious to return to the West.

JAMES MALCOLM CARRUTHERS called and sworn.

*By Mr. Symington, K.C.:*

Q. Mr. Carruthers, what is your occupation?—A. Dairy business; Manager of the City Dairy Limited.

Q. How long have you been in the dairy business?—A. Well, in the West, I have been 25 years; prior to that about five years in the East.

Q. Now, I understand that you desire to say something for the dairymen, of Western Canada particularly, in relation to butter?—A. Yes.

Q. You handle butter in your business?—A. Yes, we manufacture butter.

Q. And export it?—A. Yes.

Q. Is the West—and you are speaking particularly of Manitoba now—becoming an exporting district?—A. Within the last five years it has developed from not having sufficient butter to take care of its requirements, into an exporting district.

Q. And is Manitoba becoming a mixed farming country, as opposed to a grain country?—A. Very fast.

Q. In order to do that, I suppose, you must have some outlet for your product?—A. It is absolutely essential that we do.

Q. Where is that outlet?—A. Prior to the last few years we had an outlet in the United States, but since they placed a tariff against us of eight cents a pound, we have no other outlet except the United Kingdom.

Q. Now, have you any figures as to the consumption of butter in the United Kingdom?—A. I have figures here, Mr. Symington, showing the imports into the United Kingdom over a number of years, if that would be interesting. For example, in the year 1922 there was imported into the United Kingdom 478,078,832 pounds.

Sir HENRY DRAYTON: I think we all know that England is a great market for butter. We can take that for granted.

Mr. SYMINGTON, K.C.: I think the figures will be useful in showing where it comes from.

*By Mr. Symington, K.C.:*

Q. Go on, give us 1923.—A. In 1923 the imports into the United Kingdom were 570,697,232 pounds.

Q. And in 1924?—A. In 1924 they were 592,789,232 pounds.

Mr. SYMINGTON, K.C.: Now, Mr. Chairman, Mr. Carruthers has handed me a statement here which shows all the countries. I think it should be put in, but we need not take time to read it, if you would, perhaps, order that it go into the record?

The CHAIRMAN: Do you want it printed?

Mr. SYMINGTON, K.C.: I think so. It is short.

*Exhibit No. 70: Importations of butter into the United Kingdom.*

## IMPORTS OF BUTTER BY THE UNITED KINGDOM, CALENDAR YEARS 1922-23-24

Country of Origin	1922		1923		1924	
	Pounds	Per cent of Total	Pounds	Per cent of Total	Pounds	Per cent of Total
Denmark.....	159,465,152	33.4	205,849,892	36.1	194,226,032	32.8
Finland.....	13,134,688	2.7	13,000,512	2.3	15,071,168	2.5
Sweden.....	1,854,048	0.4	4,390,624	0.8	6,457,248	1.1
Netherlands.....	8,804,880	1.8	19,548,216	3.4	10,316,208	1.7
France.....	2,369,584	0.5	10,571,568	1.8	1,538,768	0.3
United States.....	3,847,648	0.8	1,184,736	0.2	3,921,680	0.7
Argentina.....	39,889,696	8.4	55,020,672	9.6	60,340,448	10.2
Irish Free States.....			55,143,648	9.7	51,666,832	8.7
Australia.....	100,968,784	21.1	57,029,392	10.0	70,567,616	11.9
New Zealand.....	123,585,728	25.9	126,645,680	22.2	121,706,704	20.5
Canada.....	17,307,584	3.6	4,461,408	0.8	14,713,888	2.5
Other Countries.....	6,851,040	1.4	17,856,384	3.1	42,262,640	7.1
Total.....	478,078,832	100.0	570,697,232	100.0	592,789,232	100.0

*By Hon. Mr. Stevens:*

Q. Where are these figures taken from? I am not disputing them, but where are they taken from?—A. They are gathered from the records of the Department of Agriculture under Professor Ruddick.

Q. They are the regular Department of Agriculture figures of the importation of figures into the United Kingdom?—A. Yes.

*By Mr. Symington, K.C.:*

Q. Now, of those amounts, Mr. Carruthers, what percentage of the total did Canada send in 1922?—A. In 1922, Canada supplied 17,307,584 pounds, or 3.6 per cent of the imports into the United Kingdom.

*By the Chairman:*

Q. Canada did?—A. Yes.

The CHAIRMAN: Is that all?

*By Mr. Symington, K.C.:*

Q. Give us the figures for 1923 and 1924?—A. In 1923 there was imported into the United Kingdom from Canada 4,461,408 pounds, or .8 per cent of the total imports; and in 1924, 14,713,888 pounds, or 2.5 per cent.

Q. In looking at your list again I notice that the largest exporter to the United Kingdom seems to be Denmark with 32.8, in 1924. I need not go into the other years now.

Hon. Mr. SINCLAIR: Per cent?

Mr. SYMINGTON, K.C.: Yes.

*By Mr. Symington, K.C.:*

Q. New Zealand, 20.5 per cent?—A. Yes.

Q. Australia 11.9 per cent?—A. Yes.

Q. Argentine 12.2 per cent?—A. Yes.

Q. Those are the four which are bigger than Canada in their export to the United Kingdom, and those are the percentages of 1924?—A. Yes.

The CHAIRMAN: The percentages of the entire importations into Great Britain?

Mr. SYMINGTON, K.C.: Yes.

[Mr. James M. Carruthers.]



*By Mr. Symington, K.C.:*

Q. So from the Canadian standpoint, our largest competitors are Denmark, New Zealand, Australia and the Argentine?—A. Those are our principal competitors at the moment.

Q. Dealing first with Denmark, which we might term a nearby competitor; what is the situation with respect to Denmark's exports to Great Britain of butter, and her capacity for further trade?—A. In going over the statistics, Mr. Symington, for some time, I find they are more or less stable; there are the seasonal fluctuations which might occur owing to the different conditions obtaining in the seasons, but it appeared to me, from information I can get from statistics, that they are at their peak point of production—there is a little fluctuation.

Q. Then is that shown by figures over a series of years?—A. Yes. For example, take the three years here, there is a fluctuation in 1923, a raise in 1923, but I understand from information that I have gathered that it was just the natural increase there in the different countries.

Q. Owing to a favourable season?—A. Owing to a favourable season.

Q. Now then, turning to the other countries, they seem to be—take the Argentine, it seems to be increasing very much?—A. The Argentine export to the United Kingdom is increasing very fast. You will notice it had increased from 1922, to \$39,889,000; 1923, to \$55,000,000 and in 1924, to \$340,000,000.

Q. On the other hand New Zealand would seem to be decreasing a little, from this statement?—A. New Zealand has increased very materially in the last ten years and I would not like to say that they are at their peak point, the same as Denmark, but from what I can learn, in the last two or three years, there have been more or less dry seasons down there, which have affected both Australia and New Zealand.

Q. What I was wondering from these figures—correct me if I am not right—is it a fact that the Argentine seems to be taking away some of the trade of New Zealand and Australia?—A. Well, that is the natural condition that would obtain. They are nearer to the British market and if their product is satisfactory they will naturally make inroads into it.

Q. Canada, on the other hand, does not seem to be increasing very much in getting that trade?—A. Well, Canada has—the condition in Canada, up to within a very few years ago was that they did not produce sufficient for their own requirements; it has been only within the last five or six years that Canada has been able to export a great deal of butter.

*By the Chairman:*

Q. Let me just interject a question: As a matter of fact, a great deal of our surplus milk product went out in the form of cheese, did it not?—A. Yes.

*By Mr. Symington, K.C.:*

Q. Then, Mr. Carruthers, with respect to those countries and their shipments to the United Kingdom, is that salted or unsalted butter?—A. Last season there was a great deal of unsalted butter went over; in fact the major portion of the export was unsalted butter from Western Canada.

Q. That comes into competition during the Canadian season? What is the Canadian season for exporting butter?—A. From the fifteenth of May and the first of June until October.

Q. That would be in competition with the New Zealand butter?—A. There was practically no New Zealand butter to sell, although lately they had some, because they are so far away that they are not in position to ship unsalted butter.

Q. They cross the equator and have to make a hot trip?

[Mr. James M. Carruthers.]

*By Hon. Mr. Stevens:*

Q. Do I understand Mr. Carruthers to say New Zealand ships salted butter?—A. A very little salted butter.

Q. It is a creamery butter.—A. Yes.

Q. In connection with the English trade, is there a difference over there with respect to what they use, salted or unsalted?—A. There seems to be a demand springing up in the last two or three years for unsalted butter.

*By the Chairman:*

Q. Is not that the case, that England always takes unsalted butter?

*By Mr. Symington, K.C.:*

Q. Can Canadian butter, if it could go over there, compete with the other butter?—A. Can Canadian unsalted butter compete?

Q. Yes, if it gets over there at a reasonable price?—A. Our experience last year was that it did compete very, very favourably with New Zealand. The Danish butter and the Irish butter obtain the highest prices on the market there. New Zealand is quoted next, and Canada last year, compared very favourably for unsalted butter with New Zealand.

Q. What was the rate on butter that you paid prior to the war, Mr. Carruthers?

Mr. MONTGOMERY, K.C.: Was he exporting prior to the war?

The WITNESS: There were exports of butter prior to the war, not in the quantities that are being exported at the present time. The rate was 32.1 cents per hundred pounds.

*By Mr. Symington, K.C.:*

Q. Will you say where you got this information?—A. This information was gotten from Dr. Ruddick, the chief of the Agricultural Department here.

*By the Chairman:*

Q. The Dairy Commissioner?—A. Yes.

Q. 32.1 cents, and I think we have had evidence as to what you are paying to-day, \$1.50?—A. Our present ocean rate from Montreal or St. John, \$1.50. That is what we paid last year.

Q. Both of these for refrigerated space?—A. Both of these for refrigerated space.

*By Mr. Symington, K.C.:*

Q. In other words there is an increase since the war of something over 500 per cent?—A. It would work out that way.

*By Hon. Mr. Stevens:*

Q. Would you mind getting the date during the war, 1910 or 1912? When was that?—A. The information that I got from the Dairy Commissioner was the pre-war rate, 32.1 cents. I have not got the exact year.

*By Sir Henry Drayton:*

Q. That would be 1914?—A. That would be prior to 1914 or 1914.

*By Mr. Symington, K.C.:*

Q. Anyway you went and made a trip to see Dr. Ruddick for the purpose of getting the information you are giving, and what he gave you was 32.1 cent?—A. Yes.

Q. It has been stated here, Mr. Carruthers, that the rate from New Zealand to the United Kingdom is also \$1.50?—A. I understand it has been stated here that it was that rate.

[Mr. James M. Carruthers.]

Q. And that the rate from Vancouver via Panama was \$1.50?—A. That is the rate in effect now from Vancouver.

Q. You have a good deal of experience in refrigeration work, have you not?—A. Refrigeration is a part of our mechanical work.

Q. Would you like to offer any opinion about the expense of carrying butter in refrigeration from a country south of the equator to a country north, as compared to the refrigeration necessary from Montreal to the United Kingdom?

—A. My experience with refrigeration has led me to believe, in fact, to be certain, that the cost of the refrigerating space through a warm area would be much more costly than it would be in a cooler area.

Q. The refrigeration itself would be?—A. Yes, the cost of maintaining the temperatures.

Q. What has been your experience with reference to costs since before the war in the business that you are in, the increase between then and now?

The CHAIRMAN: The cost of production?

*By Mr. Symington, K.C.:*

Q. The cost of handling the business generally?—A. General costs advanced considerably during the war and the immediate after war period, but they have gradually ironed out since then.

Q. Are they anything like 500 per cent?—A. I would say they were not at the present time.

Q. What would you say the general business costs?—A. The general condition might vary anywhere from 30 per cent up to probably 100 per cent, in some instances.

Q. You handle a big business, the City Dairy Company, in Winnipeg?—A. Yes.

Q. You say that in any line of business 100 per cent increased cost would be the maximum?—A. I would say that is the maximum of increases in effect at the present time, as compared with pre war.

*By the Chairman:*

Q. Is he thinking about the costs of his own business?

Mr. SYMINGTON, K.C.: General costs of administering business generally.

*By Mr. Symington, K.C.:*

Q. This is your concern and your own business and you have a large number of employees?—A. Yes.

Q. Now, what have you to say about the ocean rate, what you think you are entitled to? What would be the effect say with a lower ocean rate than \$1.50?—

A. Basing my reasoning on costs as they obtain to-day, as compared to war conditions and pre war conditions, I should think we are paying to-day, an ocean rate of \$1.50 a hundred, one and one half cents a pound, that a 65 cent rate would be quite an increase over the pre war rate, which was 32.1 cent.

Q. Which would be 100 per cent?

Mr. MONTGOMERY, K.C.: He is wrong in his rates, just for your information. The rates are all published; the tariffs are there and I do not want to mislead the witness. As far as rates are concerned—

Sir HENRY DRAYTON: The rates are higher.

*By Mr. Symington, K.C.:*

Q. What do you say as to the rates?

Mr. MONTGOMERY, K.C.: The Conference rates in 1913 which, I suppose, is the year he is taking were, for butter, ordinary stowage, 37.02 cents per one hundred pounds and for refrigerator 51.26 cents per hundred pounds.

[Mr. James M. Carruthers.]



Hon. Mr. STEVENS: 51.26 for refrigerator and what for the other?

Mr. MONTGOMERY, K.C.: 37.2. It is plain to me that the reason you have the odd amount, the fraction, is that the rate was quoted in sterling, and converted.

The WITNESS: My basis of information was Commissioner Ruddick's letter. That is the information of 32.1.

Mr. SYMINGTON, K.C.: We will have to see about that. Where do these rates come from?

Mr. MONTGOMERY, K.C.: They were furnished to me by Mr. Marlow, who accepts responsibility for them.

Mr. SYMINGTON, K.C.: Of course Dr. Ruddick accepts responsibility for his rates. Are they from the tariff, Mr. Marlow?

Mr. MARLOW: From the published tariff.

Sir HENRY DRAYTON: Anyway that is an increase of 190 per cent.

The CHAIRMAN: 300 per cent is it not? From 51 to 150; that is three times.

Sir HENRY DRAYTON: No, Mr. Chairman, surely, that is not the way to get the increase in a percentage. You will find it is 190 odd.

Mr. FLINTOFF: A little less than 200 per cent, if the new rate is three times the old.

The CHAIRMAN: Yes, it is practically three times the old.

Mr. SYMINGTON, K.C.: The rate is on those figures practically three times the old.

Sir HENRY DRAYTON: But that is not the way you get the percentage of increase.

Mr. SYMINGTON, K.C.: If it was fifty before and is 150 now, it is three times what it was before. I did not say 300 per cent.

Sir HENRY DRAYTON: The other rate you said was 500 per cent and as a matter of fact it was 300 per cent and the increase here is 190 per cent.

*By Mr. Symington, K.C.:*

Q. You asked for a rate of 65 cents did you say, Mr. Carruthers?—A. Well my basis of reasoning would be that a 65 cent rate would be a fair increase over the rate obtaining before.

Mr. MONTGOMERY, K.C.: Doubling the old rate.

The WITNESS: I was working on the 32.1.

*By Mr. Symington, K.C.:*

Q. You were giving them an assumption of 100 per cent increased cost?—A. Yes.

Q. Or perhaps we should not use those percentages; twice the cost of formerly, and you were giving them twice the rate?—A. Yes.

Q. Now do you think that would make any difference to the producer?—A. I consider it would make a vast difference. The producer would just make the saving of the difference in the rate. We are an exporting country.

Q. Are butter rates, when it becomes an exported commodity, fixed on the export price or on the local price?—A. I consider, and in fact I am satisfied that this condition obtains in any country; a country that is an exporting country must base what they pay for the stuff on the price that they can get in the world's markets, as an export. Consequently if we can get a lessened rate, which would mean an increased price, that would naturally go back to the producer.

[Mr. James M. Carruthers.]

*By Mr. Duff:*

Q. Is butter sold f.o.b. Winnipeg or c.i.f. Liverpool?—A. It does not make any difference that I can see.

Mr. DUFF: Yes, it does

*By Mr. Symington, K.C.:*

Q. Which way is it sold?—A. Last year's tradings that I had were made f.o.b. Montreal.

Mr. MONTGOMERY, K.C.: It makes all the difference in the world, if you get the local price at the end. It is Montreal export, not Winnipeg export.

The CHAIRMAN: They will offer the producer so much less, that is all.

Mr. MONTGOMERY, K.C.: The rail rate would affect him.

*By Mr. Symington, K.C.:*

Q. In your opinion would that increase production?—A. Would it increase production, you ask?

Q. Yes.—A. Well, it would help to, very materially.

Q. Which of course would give increased traffic if it did.—A. Naturally.

Q. Is it your opinion that Canada can get into a larger share of the United Kingdom market?—A. I consider that Canada is in a very advantageous position if given a chance. They are the nearest, outside of Denmark and Ireland, to the market. They are within days as compared with weeks and months of our biggest competitors, and if given a chance our butter stands in favour on the British market, consequently the advantages would be all ours.

Q. Do you know the distance from New Zealand to the Old Country?—A. I am given to understand that it is approximately 11,000 miles.

Q. And Vancouver some 8,000?—A. Something like that.

*By Mr. Montgomery, K.C.:*

Q. Mr. Carruthers, have you exported any butter yourself direct to the United Kingdom?—A. Last year I exported something like ten cars, in conjunction with another creamery.

Q. Then perhaps you can tell me the selling price in England?—A. It varies.

Q. Take last year.—A. Last year we realized anywhere from 180 to 200 shillings per hundredweight.

Q. When you say you realized, what does that mean?—A. That is what it sold for on the British market.

Q. 180 to 200 shillings per hundredweight?—A. Yes.

*By the Chairman:*

Q. You say per cwt. Is that 100 or 112 lbs?—A. 112 lbs.

*By Mr. Symington, K.C.:*

Q. Have you worked it out in pounds, so that we can save figuring?—A. Well, I have not got the figures here.

Mr. MONTGOMERY, K.C.: We will get some of our lightning calculators behind here to work it out for us.

The CHAIRMAN: Perhaps Mr. Middleton will work it out for us in dollars and cents. 180 to 200 shillings per cwt, of 112 lbs. What is that figure in dollars and cents?

The WITNESS: In fact some of our butter went as high as 210/—.

Mr. MONTGOMERY, K.C.: Then take it at 200. It ranges from 180 to 210 shillings per cwt.

Mr. DUFF: It is 40 cents a pound.

[Mr. James M. Carruthers.]

Mr. MONTGOMERY, K.C.: You are fairly close. The answer given to me is 42.85.

The CHAIRMAN: I see two chartered accountants are in collaboration, so that we ought to get it right.

Mr. MONTGOMERY, K.C.: I think for the purpose of the present cross-examination we can take it at, roughly, 43 cents per pound, as the price in England.

*By Mr. Montgomery, K.C.:*

Q. Now your suggestion is that the rate instead of being \$1.50 should be \$1; you will allow them double the pre-war rate to take care of the double cost. That is right, is it not? I am assuming that 51 cents is the old one.—A. Well I was figuring of course on 32.1.

Q. I understand, but assuming the tariff rate was as stated, 51 cents, your basis of calculation would still remain the same and you would be prepared to concede a rate of \$1.02 we will say, a hundred pounds. I am taking the same basis and doubling it. In other words a cent a pound instead of 1½ cents a pound.—A. Well, half a cent saving would be quite a saving, but we would like to get all we could.

Q. Your saving on butter selling at 43 cents in Great Britain would be one half of one cent per pound.—A. That is what it would amount to.

Q. Seriously then, do you consider that that would be a very important factor on a market which has preferences, we will say, for Dannish butter, or for some other kind of butter, salted or unsalted?—A. A saving of half a cent a pound to the Canadian production would mean a considerable amount of money.

Q. I am talking about the market, Mr. Carruthers. We all agree upon the desirability of developing the Canadian market for butter, if it can be done. Do you seriously suggest that a difference of half a cent a pound on a commodity selling at that price is interfering with increased production?—A. Any advance in price that we can get for our producers will naturally help to stimulate production.

Q. That is as far as you will go. Now let us take it from another angle. Are you objecting to Vancouver getting the same rate as Montreal; or put it in another way, assuming that the butter rate from Montreal was \$1.50, would you object to the Vancouver shipowner meeting that rate and carrying it around through the Panama Canal at \$1.50.—A. Well, situated as we are in Manitoba, where we have a long haul to Montreal or St. John, we naturally want to get as advantageous a rate as we possibly can.

Q. Both rail and ocean?—A. Yes, we would welcome a reduction in both.

Q. Bear with me a moment and assume that you have a fixed rate of \$1.50 from the Eastern ports, would you under those circumstances object to the carrier at Vancouver quoting the same rate in order to enable the shipper from Vancouver to compete on the same basis in the foreign market?—A. No, I would not.

Q. You would think that fair enough?—A. Well I would not object to it.

Q. There is nothing unreasonable in that part of it. Well now you have compared the carriage with that from New Zealand and the Argentine. You have told us that the carriage from New Zealand is \$1.50?—A. I understand that is the information.

Q. Do you know what the rate is from the Argentine?—A. No, I do not.

Q. Now you are genuinely interested in developing our butter trade in Canada?—A. I am.

Q. I think we all are. You have referred to the season of shipping as extending from May or June until October.—A. That is the most advantageous season for Canada to export her butter, at the moment.

[Mr. James M. Carruthers.]



Q. As a matter of fact there is practically no butter exported in the other months or very little?—A. Well, as Canada is just stepping into the export business.

Q. No, the Canadian producer unfortunately does not produce evenly the year round?—A. Not as yet.

Q. It is a very seasonal production.—A. It is changing from that condition though, fast.

Q. Would you agree with the remarks of Mr. D'Arcy Scott, whom no doubt you know.—A. Very well.

Q. He holds what position?—A. He is secretary of the National Dairy Council of Canada.

Q. Are you an official of that Council?—A. I am one of the executive.

Q. Then you are probably familiar with his views as to what should be done with the question?—A. Well, there have been various plans set out.

Q. You must have discussed the matter with him from time to time?—A. Yes.

Q. Will you agree with this statement, which he is reported to have made when addressing the Canadian Club in Montreal on the 31st March of this year, and I am now quoting. He stated that the Canadian butter exporters only ship butter about three months in the year. That would more or less check with what you say, June, July, August and September; I think you make it four.—A. I make it up to October.

Q. And after the consumers in the United Kingdom get accustomed to the taste of Canadian butter, they would forget all about Canadian butter in nine months, and he thought it was a mistake for butter not to move forward regularly throughout the year, and that it was a mistake for merchants and exporters in Canada to hold the butter in order to try and obtain half a cent profit instead of allowing it to move continuously to the United Kingdom. Would you agree with that?—A. I agree that the more butter that we can keep on the British market, the better future we will have to continue holding that market.

Q. In other words, in order to develop a market, and a taste in the British public for Canadian butter, you have to be in a position to furnish it to them more or less continuously?—A. Yes.

Q. Or else the people get out of the habit of buying it?—A. Well, it goes off the market for a time. They are not able to procure it.

Q. Have you considered that condition as contrasted with New Zealand or the Argentine Republic?—A. Well, New Zealand at the present time is more favourably situated as they have so much more to offer they can keep it on the United Kingdom market for a longer period.

Q. And the New Zealand producer turns it out fairly regularly throughout the year, does he not?—A. They have their long season the same as we have, only their long season comes at the opposite to ours, they being south of the Equator. That gives us a more strategic situation in the summer period.

Q. Let us understand one another. Are you suggesting that their exports are confined to three or four months in the year?—A. Their heavy exports are from November until May. I don't say they do not have exports during all the year, but their heaviest exporting season is during those months.

Q. I think we could probably agree upon this, could we not, that their exports of butter are much more regular throughout the year than ours?—A. Having more to export, naturally they can regulate it. In fact they have what you would term possibly in this country, a pool system over there, where they more or less regulate the flow of butter now from their country over to the British market.

Q. And the butter exporters in Canada have not yet arrived at that stage of marketing?—A. No.

Q. Will you follow along the operations of the New Zealand pool a little bit, and tell us how they handle their shipping of butter?—A. I am not very well able to tell you that.

Q. We have had a little information upon that point in this inquiry?—A. I have not read it.

Q. We are told that the New Zealand butter is shipped in a refrigerator ship, which is put into service for the carriage not only of New Zealand butter but of New Zealand meats and other refrigerator cargoes; have you any knowledge of that?—A. I understood that that was the case, because their principal exports over there are perishable goods.

Q. We are also told that this pool, if you choose to term it so, or conference, contracts for a definite quantity of space on those refrigerator ships; have you any knowledge as to that?—A. I am not prepared to make any statements upon that point, because I am not aware of the conditions.

Q. If that were so, it might possibly place the exporter of butter from New Zealand in a rather favourable condition as to rates, might it not?—A. Well, no doubt they are doing everything they can over there to facilitate matters.

Q. And that they pay for that space, whether they use it or not?—A. I could not say.

Q. We have been told that the bane of the ship operator here is the vacant space; that seems reasonable does it not?—A. You mean that they cannot get sufficient to fill their spaces?

Q. What we are told is this, Mr. Carruthers, that the ship owner is required to provide a certain amount of refrigerator space to take care of cargo of that class, during the peak season. That would seem to be reasonable, would it not?—A. I am given to understand that last year there was a period during the summer when we could not have any space, owing to it all being taken up, when we wanted to make shipments.

Q. So there is a demand for space when it is right at its limit and a lot of space is required?—A. Not on butter. I understand this was taken up by the packers, the packing industry, and that many exporters of butter had to contract for their space from the packers. Of course that is information that has been given to me secondhand.

*By Mr. Montgomery:*

Q. And we are told that the space which is ordinarily provided for butter goes empty more than one half the year. What do you say as to that, Mr. Carruthers?—A. I do not know why that space should go empty. It is not space that we cannot use for anything else. I should think it could be utilized easily.

Q. Is it your idea that it is available for other refrigerator cargo, or that there is plenty of it?—A. I should think that if it is refrigerator space, it could be used for other purposes.

Q. I would like you to be a little more definite; do you mean for the carriage of other than refrigerator cargoes?—A. Other than what is necessary to go by refrigerators.

Q. Have you given the subject any consideration?—A. No, only by common knowledge.

Q. Will you accept the assumption from me that the space has to go idle for a certain number of months in the year, as contrasted with New Zealand, where space is contracted and paid for whether used or not; wouldn't that affect the conditions of carriage?—A. I should think so. Of course I am not a ship-owner or a steamship man, but I should think if I was offered goods I could store them in the refrigerator space, and if I could not get perishable goods I could store other goods there.

Q. You have not heard any of the evidence about pipes, and the way these refrigerators are entered?—A. No.

[Mr. James M. Carruthers.]

The CHAIRMAN: Mr. Montgomery, forgive me for interrupting, but this witness does not happen to be an expert in connection with matters of ocean transportation in refrigerators via Montreal. I think what you are after can be better obtained perhaps from somebody else.

*By Mr. Montgomery, K.C.:*

Q. Do you think as an executive of the Dairy Council that you could pool produce or butter under the same conditions as New Zealand does?—A. That is a question now before the Dairy Council.

Q. You are considering that?—A. Yes.

Q. Do you think you can bring the Dairy Council to this point of view, that if they could obtain space over the entire year, that they should have a certain amount of space for even the export months and pay for it whether they used it or not?—A. If the time should come in the near future where there will be enough co-operation to bring that about, it is quite possible that they should formally engage space in that way.

Q. And if that time came, and you were able to make such arrangements, you would be able to negotiate for a better rate, would you not?—A. I do not see at the present time why we cannot get a better rate—at the present time.

Q. We all feel that way, Mr. Carruthers; we all feel that our coal bills are too high. The question is whether you think there is any possibility of putting the production in Canada on anything relatively like the same basis as it is in New Zealand?

Mr. SYMINGTON, K.C.: My learned friend is assuming that that is the case in New Zealand. We have the report of the Imperial Committee on it, and the butter business in New Zealand is among the most expensive of the whole lot.

Mr. MONTGOMERY, K.C.: We will discuss that later. If you will read the report, you will see the contract itself.

Mr. SYMINGTON, K.C.: Everything is there.

*By Mr. Montgomery, K.C.:*

Q. Do you think there is any possibility of the production of butter in Canada and its export being anything comparable to the conditions that exist in New Zealand?—A. Time will bring that about, perhaps.

Q. And with different conditions of carriage—

The CHAIRMAN: I suppose the answer to that question is, that you are living in hope?

The WITNESS: Yes, sir.

*By Mr. Montgomery, K.C.:*

Q. Where did you get your information that the rate from New Zealand was \$1.50?—A. I got that information from Mr. Symington.

Mr. SYMINGTON, K.C.: I can answer that. I showed him Mr. Marlow's evidence.

The CHAIRMAN: It has been suggested that he comes from Winnipeg, and that he is modest. That is not necessarily a correct assumption.

The WITNESS: Certainly not, Mr. Chairman. I may say that that information was given to me by Mr. Symington, who gave me to understand that that was given before a Commission.

*By Mr. Montgomery, K.C.:*

Q. You are not testifying to it of yourself, you are depending upon information which has been given to you?

Mr. SYMINGTON, K.C.: I told him.

[Mr. James M. Carruthers.]



*By Mr. Montgomery, K.C.:*

Q. I am informed that the rate from New Zealand to the United Kingdom on butter in refrigerator space is \$1.90 per 100 lbs. Would you have any means of checking that?—A. I have been given different rates, but I cannot vouch for any one of them.

Q. My information is that that was the evidence of Professor Macklin, given before the United States Tariff Commission in April of this year.

The CHAIRMAN: May I make a suggestion, Mr. Montgomery? If this is important—and I think it is—should we not have someone here who can give us the exact rates rather than deal with assumptions either of the witness or somebody else, or something drawn from some other investigation?

Mr. SYMINGTON, K.C.: The witness told me he had other information, and I stated that Mr. Marlow had stated to this Commission that the rate was \$1.50.

*By Mr. Montgomery, K.C.:*

Q. Anyway, coming to our own Canadian production, apparently so far as the export is concerned, it is not very regular, is it?—A. The export?

Q. Yes?—A. It is very regular, during the season.

*By the Chairman:*

Q. All the year round?—A. No; it is not constant throughout the year.

*By Mr. Montgomery, K.C.:*

Q. But year by year?—A. I contend that it will be from now on.

Q. "Hope springs, etc." In the way of progressive action, I see according to your own figures that the export to the United Kingdom for 1922 was 17,307,000 lbs?—A. That is correct.

Q. And the following year, 1923, it dropped to 4,461,000 lbs?—A. I may say that there is a certain amount of explanation to be made there. I would say that the explanation for a certain amount of that decrease was owing to a condition in the United States, when the price was high there, and instead of going to the United Kingdom it went to the United States.

*By the Chairman:*

Q. In spite of the Fordney Tariff?—A. Yes.

*By Mr. Montgomery, K.C.:*

Q. That was before the Fordney Tariff, was it not?—A. No, it was in spite of the Fordney Tariff.

Q. And in 1924 you gave the figures as 14,000,000?—A. 14,713,888.

Q. When you speak of Denmark having reached its peak, did you observe that Denmark went in 1922 and 1923 from 159,000,000 to 205,000,000?—A. I did.

Q. With a higher charge proportionately?—A. It is only an increase from 33.4 to 36.1.

Q. We will not waste time over that. Have you anything more to say than this, that as a producer and exporter of butter you would like to see the rate lower?—A. I would like to see the rate lower.

Q. A natural desire?—A. I think it would be a great help to the producers in Canada.

Q. Apart from that you really know nothing about the rates or what the movements is?—A. I know the rates we are paying from Canada across.

Q. And you do not know how long butter space remains vacant?—A. No, I would not say that I do.

Q. Or whether the butter exporter from Montreal furnishes regular cargo or not?—A. No, I cannot give you that information.

[Mr. James M. Carruthers.]

The CHAIRMAN: Have any of the members of the Committee any questions to address to Mr. Carruthers?

*By Mr. Kennedy:*

Q. You gave the figures of Canada's export to the United Kingdom as 14,000,000 pounds?—A. Yes, 14,713,888 pounds.

Q. And the price was in the neighbourhood of 42 cents a pound?—A. I would not say that that was the average for all that amount. That was the average price I secured for what exports I made.

Q. A difference of one half cent a pound on the exported amount would amount to how much?—A. Well, it would be one-half cent a pound on 14,000,000 pounds, about \$70,000.

Q. What effect has any increase or decrease in that world market on the price on the Canadian market?—A. I contend that as Canada has taken a position as an exporting country, with our production of butter growing from year to year, that the price paid to the producer must be based on the price he can get for export, and consequently any advantage that can be got, whether it is half a cent, one cent, or three-quarters of a cent, that advantage accrues to the producer.

*By Mr. Halbert:*

Q. That applies to the home consumption?—A. It applies to the home consumption.

*By Mr. Kennedy:*

Q. And it applies to the home production?—A. Yes.

*By Hon. Mr. Stevens:*

Q. That is, it would increase the price of butter generally?—A. Naturally it would.

*By Mr. Kennedy:*

Q. For 1924 how much butter was produced in Canada?—A. I think I have those statistics here. The total production in Canada in 1924 was 182,870,853 pounds.

Q. So that an increase of half a cent a pound in the export amount would raise the price of the butter produced in Canada practically half a cent a pound?—A. That is my contention, yes.

Q. Which would amount to a considerably larger sum?—A. Oh, very much larger.

Q. Nearly a million dollars?—A. Yes.

Q. It would be practically worth that to the producers of Canada?—A. That is my contention, that the producer would obtain that advantage.

Q. It is generally recognized in trade that that is true, that the export market does control the Canadian market, so long as Canada is exporting her surplus.—A. Does that not obtain in any article the country produces when you have to depend on the export?

Q. I think so.

Hon. Mr. STEVENS: That is pretty far-fetched, when you have 14,000,000 pounds exported, and 180,000,000 pounds consumed internally, and a fraction of a cent on the export fourteen million is ipso facto to affect the price of the 180,000,000, which is going pretty far. I think the hope and belief in it would be very nice and pleasing, if you aggregate it into \$900,000, it looks all right, but I think it is pretty much of a dream.

The CHAIRMAN: If I might make an observation, I would think that the exports of butter cannot be separated too distinctly from the exports of cheese

[Mr. James M. Carruthers.]

and raw milk and cream, and I would say this, that as we have a large exportable surplus of dairy products, either raw or in manufactured shape, anything that will raise the export price will inure to the benefit of the producers, not only those who have produced for export but those who have produced for home consumption as well.

Hon. Mr. STEVENS: That is a general principle, but we want to compare the amount of exports to the total production.

The WITNESS: I was just going to mention that in citing this 14,000,000 of exports to the U.K. that is not the total exports of butter out of Canada. Canada exports to the United States at certain periods.

*By Mr. Montgomery, K.C.:*

Q. How do the exports to the United States compare with those to the United Kingdom?—A. I have not the exact figures here, but if my memory serves me right—

*By the Chairman:*

Q. You have it for two years here?—A. This is to the U.K. I think the total exports of butter from Canada during 1924 were something like 24,000,000 pounds, 14,000,000 of which went to the United Kingdom, a certain amount to the United States and a certain amount to Japan and other countries.

The CHAIRMAN: This sheet which the witness places before me which is from our Bureau of Statistics, shows that for 1924, for the year ending December 31st, 1924,—no, those are our imports.

*By Mr. Montgomery, K.C.:*

Q. As a matter of fact, we were importing butter into Canada in 1924, were we not?—A. Not that I am aware of. There may have been small amounts in isolated cases. I do not think we imported anything in 1924; there was a small amount in 1923.

The CHAIRMAN: If there are no further questions to ask the witness I will thank him for his attendance and discharge him. Thank you very much sir.

The witness retired.

The CHAIRMAN: What is the next item on the programme?

WILLIAM THOMAS ROCHESTER PRESTON recalled.

*By Mr. Montgomery, K.C.:*

Q. Mr. Preston, at the adjournment last night we were discussing your suggestion on page 6 of your report under the heading, "Discrimination against Canada," the following—A. Mr. Montgomery, will you pardon me a moment.

Q. Let me finish my question and you can do all the talking you like. I quote: "A pronounced discrimination was immediately declared against Canadian ports."

Mr. SYMINGTON, K.C.: Again you are not quoting the whole sentence. I am going to object every time you do not quote the entire sentence. The reading is:—

"According to the records of the Department of Trade and Commerce, a pronounced discrimination was immediately declared against Canadian ports and in favour of American ports as the settled policy of this steamship combine."

The WITNESS: I am going to ask you, Mr. Montgomery, if you will kindly let those two points stand over which we were discussing last night. I have not been able to complete my enquiry.

[Mr. James M. Carruthers.]



*By Mr. Montgomery, K.C.:*

Q. As far as your enquiries have gone, you have not been able to find any records in support of your assertion?—A. I will not say that.

Q. Mr. Preston, we are not dealing with you on a new subject, we are dealing with a very serious charge against the shipowners in the North Atlantic Conference, that immediately after obtaining this control which you speak of, the records show that a pronounced discrimination was immediately declared against Canadian ports. I want to know the authority upon which you made that statement.—A. I made that statement, as I understood, on the authority of Departmental records that I have been unable to get to-day, with a view to a further discussion of it. I can say no more than that at the moment.

Q. But surely, before making a statement of that kind, you would have made some record of that information?—A. No, I made no record of it.

Q. You took no note of where you obtained it?—A. Yes, I took a note as I went through the records.

Q. Mr. Preston, I am not going to let you off with that.—A. Mr. Montgomery, I am not asking to be let off about anything.

Q. You have made this charge in a report issued under date 31st December of last year, which you say was handed in January of this year, and I want to know whether you have nothing in your possession, no record of any kind to back it up?—A. Not at the moment, no.

Q. And you have not been able to find any, although you have had a portion of to-day to get the information?—A. I have not been able to get the files to-day, Mr. Montgomery. I told you so.

Q. Why haven't you been able to? You had the whole morning.—A. Yes, I had the whole morning. I have been looking up the points that were brought up yesterday since nine o'clock this morning until five o'clock this afternoon, and I have not been able to get the information I want, which I believe exists.

Q. I am not asking you to fortify statements you have made in this report by information which you now hope you may be able to obtain. I am asking you whether you have any record in your possession which would support that assertion.—A. I have not.

Q. Now, I assume that your report is intended to give the impression that you are dealing with the several matters at this stage more or less historically, in chronological order.—A. Pretty much so, I will not say altogether.

Q. Then we come along towards 1911. Prior to 1911 you say:

“Finally, the milling industry, which was severely affected by the discrimination in favour of United States milling interests, protested to the Canadian government against this policy of the steamship combine, and a demand was made for action on the part of the government in order to secure from the combine more favourable ocean rates for Canadian products.”

That is page 6 of the report. Will you be good enough to lay before the committee the facts?—A. I have not got the particular items here at the moment.

Q. So you have nothing now before you to support that assertion?—A. Nothing in my possession at the moment.

Q. You have known since the month of March that you were to be examined before this committee upon the allegations in your report?—A. I knew I was to be examined, yes.

Q. Did you not expect to be asked to quote the authority for your statements?—A. No, I did not, altogether.

Q. You saw that your several statements were put in issue by a Reply, a printed Reply?—A. Yes, and I am prepared to reply to several of them.

[Mr. William T. R. Preston.]

Q. In fact, you gleefully chuckled—I think that is the suggestion made in your interview last night in respect to this Reply?—A. No, I did nothing of the kind.

Q. In any event, you knew that issue was taken in respect to your statements?—A. Yes, to some of them.

Q. And that you were to come before this committee and testify to the truth of them?—A. Yes.

Q. And you have not taken the trouble to collect any information which you had relied on in making these charges?—A. Oh, yes, I have. I have not got anything dealing with that point in my possession at the moment, but I think those things are available.

Q. You know that one of the most serious charges which has been put forward has been the discrimination by this Conference at meetings in New York, in combination with United States lines or lines running to the United States, against our Canadian ports?—A. Not so fully as that.

Q. You regarded this at the time as a very serious charge, did you not?—A. Yes, it is a very serious charge.

Q. And you have not a word you can give us or a document you can refer us to to support the charge you have there made?—A. Not in my immediate possession, I have not.

Q. You wrote that report, you told us, in December 1924, or completed it and handed it in in January?—A. Completed it in December or the beginning of January, December I think, or the beginning of January.

Q. At the time you wrote that report were you aware of any commodity in respect to which there was discrimination against Canadian ports as compared with the United States?—A. Oh yes, we have letters to that effect in the Department. I think I quote one or two of them here.

Q. Let us have them.—A. On page 20. We will take them one at a time.

Q. You are referring us once again to the canned-apple man?—A. To the Grahams. I think the letter is from Graham. The letter is in existence, I think, in the Department.

Q. Is that the one referring to the evaporated apples, of which you have not told us in your report?—A. It is the Grahams—R. L. Graham or R. J. Graham. It is taken from his own letter.

Q. I thought we had finished with that last night. You referred us to that letter last night, and then agreed it really had nothing to do with discrimination as between ports?—A. I do not think I did.

Q. Will you read the thing again and see what it says?—A. This is a discrimination against Great Britain—no, it is a discrimination against Canada.

Q. Examine it again and see that he is complaining to you that the United States packers, being more adjacent to the seaboard, are able to ship at a lower rate. Do you find any discrimination against Canadian ports there?—A. "The largest exporter of evaporated apples directs attention to the effect of the discriminations existing against Canadian ports, rendering it absolutely necessary for him to export his product by New York, instead of via Canadian ports, and he is also able to secure more favourable rates there than by the combine lines from Montreal or Halifax."

Q. Did you investigate that?—A. I took Mr. Graham's letter, and the documents which he sent to prove it. I returned the documents to him and asked him to take care of them so that they might be produced before this Committee, and I presume he or his export officer will produce them.

Q. Did you make any effort to find out whether that was all the Conference rates?—A. I simply took Mr. Graham's letter, as I say here.

Q. Have you his letter here?—A. No, I have not his letter here. His letter ought to be with the Department; it was left with the Minister.

Q. You do not quote a single rate there to back it up?—A. I think I do, at the end here (indicating).

Q. I do not see any?—A. "Hamburg and Rotterdam 30 cents."

Q. Now, Mr. Preston, please be careful about your answers.—A. Yes, sir.

Q. We are talking about the discrimination as between Canadian and United States ports, are we not?—A. Well, if he can ship via New York ports for less than he can ship via Canadian ports to reach the United Kingdom, there is discrimination somewhere.

Q. Is that what he is suggesting there?—A. Yes, as I take it.

Q. As you take it?—A. Yes.

Q. Do you not note that he is comparing shipments from Canadian ports to Continental ports as compared with the United Kingdom?

Mr. SYMINGTON, K.C.: That is preceded by the words "In addition."

*By Mr. Montgomery, K.C.:*

Q. Is that what he refers to?—A. (Reading): "In addition to that, he refers to the discrimination against the development of Canadian trade with Great Britain as seen in the current ocean rate upon evaporated fruits and apple products."

Q. I am not questioning you about that; I am questioning you about discrimination in favour of United States ports as against Canadian. Are you suggesting that the references you are giving me bear upon that question?—A. I think they do.

Q. Look again. Are they not comparing rates to the United Kingdom as contrasted with rates to the Continent?—A. Yes, and he is getting better rates to the Continent—he is paying more to reach the United Kingdom than to reach the Continent.

Q. What has that to do with discrimination as between Canadian and United States ports?—A. This certainly is discrimination against Canadian exporters.

Q. Let us come back to what we were talking about, Mr. Preston, and tell me what that has to do with the discrimination as between Canadian and United States ports? Does that bear upon the question?—A. I think it does.

Q. Although there is not a United States rate quoted there?—A. These rates from the United States are quoted. The whole thing must be read together.

Q. Will you read it again, before you make any rash statements? Is it not headed "From Canadian ports?"—A. I cannot take any other meaning than the one I tell you.

Q. So that although it reads "from Canadian ports," you cannot take any other meaning than it is United States ports?—A. It is from the United States ports. It is a better rate than he could get from Canadian ports for his product to the Old Country.

Q. Then, have you anything else to suggest than that statement which you are not able to support by Mr. Graham's letter or by any of the comparative figures, as to the rates from the respective ports?—A. No, I am just dealing with that one.

Q. You have nothing else that refers to it?—A. I am not touching anything else but the one.

Q. You have not corroborated that?—A. I took Mr. Graham's word for it. I think he is quite reliable. I judge so by his letters and the documents he sent. They will be produced before the Committee by Mr. Graham.

Q. On the strength then of the letter from Mr. Graham, which you have not checked yourself, are we to infer that you base the charge of "the general

[Mr. William T. R. Preston.]



policy of the Combine of quoting lower freight rates from the United States"—  
—A. I gave you the incident.

Q. And on that incident you made the sweeping charge that the general policy of the Combine, by quoting lower freight rates to the United States had a more serious effect upon Canadian shipping and Canadian ports than seemed apparent. Have you anything to back that up?—A. I am only dealing with this one case.

Q. And that one case, which you had not personally checked, was your foundation for that statement?—A. Yes, and I practically checked it, in that the Grahams sent their bill of lading, or whatever the technical name is—I do not know—to me, and I returned them and asked them to bring them before the Committee when called upon to give evidence.

Q. Now, we will go on to the next paragraph. "Dominion Seeking Imperial Relief," and "Imperial Royal Commission."

The CHAIRMAN: What page is that, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: At the bottom of page six and the top of page seven.

*By Mr. Montgomery, K.C.:*

Q. Just a word introducing the paragraph headed "Dominions Seeking Imperial Relief." Have you looked at that resolution at all introduced by Sir Wilfrid Laurier?—A. Not recently.

Q. Was there a reference in it at all to ocean freights?—A. There was a reference to ocean freights in the original resolution, as I saw it, and that was the cause of Sir Wilfrid Laurier moving it, and dealing with the whole question of ocean freights.

Q. When did you last see it?—A. I saw the resolution when Sir Wilfrid Laurier was discussing it with me in London.

Q. How many years ago? 1911, I suppose?—A. Yes, at the time of the meeting of the Conference.

Q. And you tell us about the Imperial Royal Commission then? Are you suggesting anything about the Imperial Royal Commission in that last paragraph under that particular heading?—A. I do not exactly understand your question.

Q. (Reading): "It was expected that the report would be produced by this Imperial Commission within two or three years, but five years elapsed before it was available."—A. No, I am not suggesting anything.

Q. No innuendo there?—A. No, certainly not.

Q. Then, let us go on to the Sir Henry Drayton inquiry. I do not know whether he is here or not—

Hon. Mr. STEVENS: He was called away, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: (Reading): "The Canadian Government was pressed in 1913, by the milling interests to immediately investigate the operation of the North Atlantic Steamship Combine?"—A. Yes, that was reported in the English papers at the time.

*By Mr. Montgomery, K.C.:*

Q. By "papers" you mean— —A. The newspapers.

Q. You do not find any reference to that in Sir Henry Drayton's report?—A. No.

Q. Then you go on to say "At this time there was no doubt in the public mind that the Combine was an accomplished fact. Nevertheless, this was disputed by certain shipping interests. Sir Henry Drayton was assured by high officials of shipping companies that there was no such organization as a North Atlantic Steamship Conference or Combine." What is your warrant for that statement?—A. Sir Henry Drayton's statement to me.

[Mr. William T. R. Preston.]

Q. Do you find a suggestion of that kind in his report?—A. I am not talking about his report. I am talking about a personal conversation with him.

Q. You will notice in his report he discusses the meetings he had with the Conference?—A. Wait until I get his report, please.

Q. I draw your attention first to page four, where it says, "In addition to discussing the matter with the Imperial authorities—"

The CHAIRMAN: That is the second from the last—the penultimate paragraph.

Mr. MONTGOMERY, K.C.: We can pass on to the next heading, "Combine Continental Meetings." I assume that you are there referring to the period when Sir Henry Drayton was conducting his investigation; that is to say, in 1913.

The CHAIRMAN: I do not quite get the purport of that question, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: "Combine Continental Meetings."

The WITNESS: No, I was rather referring to then Combine meetings as I knew them early in the century—early in 1900.

*By Mr. Montgomery, K.C.:*

Q. You finished the paragraph we have suspended with the statement that Sir Henry Drayton was assured by high officials of the shipping companies that there was no such organization as a North Atlantic Steamship Conference or Combine. That obviously was in 1913?—A. Yes.

Q. And you go on to say, "It may be quite true that the Combine did not exist as a British institution, because the Steamship companies would have found themselves in conflict with the British law against combines"?—A. Yes.

Q. Are you referring there to 1913 also?—A. I should imagine so; somewhere along that time.

Q. What law was it they were in conflict with?—A. I cannot give you the law, but the general talk was that they could not hold their meetings in Great Britain, and they were holding them on the Continent.

Q. Was the informant who told you that the same person who told you what the attitude of the Conference was?—A. Not, that I knew for years.

Q. Now, Mr. Preston, stop and think where we are landing. You were aware of the Royal Commission on Shipping Rings which finished its work, I think, in 1909?—A. I have the report of it here. I had no particulars of it at that time.

Q. Do you mean to say that you conducted this investigation for a matter of ten months on the other side without even examining the report of the Royal Commission on Shipping?—A. No, I do not say that, but what I say was—

Q. Did you ever receive a copy of the Order-in-Council appointing you?—A. I would not be sure.

Q. You did not go around as the accredited agent of Canada without having seen your appointment?—A. Yes, I did.

Q. You are sufficiently well known?—A. Yes, sufficiently well known.

Q. Well now, you knew what the purport of that Order-in-Council was because you refer to it several times without your report?—A. Well, I knew the purport of it. I am not clear about having seen it.

Q. Well, you were appointed, were you not to investigate the alleged discrimination in freight rates, covering Canadian shipments from Atlantic sea ports?—A. Yes.

Q. Also regarding the alleged combine in connection with such shipments?—A. Yes.

[Mr. William T. R. Preston.]

Q. In the ten months that you were engaged upon that did you never examine the report of the Royal Commission re-Shipping Rings?—A. Not while I was there.

Q. Although it was held there?—A. Yes.

Q. You could have found all the information regarding shipping rings without having gone to your friends?—A. No, I do not think I would.

Q. You would have found the Secretary, where their offices were and everything else, and you did not bother to inquire?—A. No, I did not go near them.

Q. You would have found their meetings were held principally in London?—A. No, I would not have found anything exactly, because I had the opportunity of reading a good many minutes of the meetings, and all the minutes that I read showed that the meetings were held on the Continent.

Q. Are you suggesting seriously to this Committee that the meetings of the west bound Conference, corresponding to the east bound, as held at New York, are not held in London?—A. What I am contending is this, that the meetings of the North Atlantic Conference are very largely held on the Continent. I can give you illustrations of a very recent date.

Q. Which conference are you speaking about?—A. About the North Atlantic Steamship Conference.

Q. There are a great many North Atlantic Conferences?—A. There are different ones. I am referring to them in that way.

Q. Are you referring to some Continental Conference?—A. No.

Q. Are you referring to the United Kingdom Conference?—A. I am referring to the one very frequently reported in the London papers, as meeting at such and such a place, and Sir William Noble was incident altogether to the fact that he had been in Holland attending one Conference.

Q. Is it your suggestion that it was the United Kingdom Conference he was attending?—A. As I said it was the North Atlantic Steamship Conference, the Conference that deals, according to the minutes, with matters regarding Atlantic traffic and very frequently with respect to Canada.

Q. Please follow me. Are you speaking of the United Kingdom Conference. The North Atlantic United Kingdom Conference?—A. I am speaking and dealing with that as the North Atlantic Steamship Conferences. As to the various details of them I am not as fully acquainted with.

Q. And you did not investigate that?—A. No.

Q. You did not examine the Royal Commission on Shipping Rings?—A. I read the Royal Commission on Shipping Rings after I returned here. I think I had read something on it before.

Q. Before or after writing your report?—A. I read the Commission on Shipping Rings after writing my report, I think.

Q. You read the Commission on Shipping Rings after writing your report?—A. No. I had seen some extracts, at least, from it before.

Q. Then you must have seen that the Conferences and all their doings in Great Britain had been fully investigated and discussed pro and con in that report?—A. That they had been?

Q. Did you examine the Dominions Royal Commission Report?—A. I think I had a copy of that with me when I was away.

Q. That must have surely acquainted you with the facts, that the Conference meetings were held in England?—A. As to where they were held all the time, I was paying no attention. I took it as accepted by the McMaster Report.

Q. Did you examine the Alexander Report?—A. I do not know what you call it.

Q. The one you were quoting from yesterday? A. If this is it, I read it.

Q. During the ten months of your investigation you never referred to it?—A. No.

[Mr. William T. R. Preston.]



Q. If you had read the Dominions Royal Commission Report, would not your attention have been specially drawn to that report?—A. I read the Dominions Royal Commission Report. I really did not know where to get some of the documents referred to. I took the conclusions very largely arrived at.

Q. Did not you observe that their conclusions were arrived at in connection with the Alexander Report?—A. No, I do not charge my memory with that at the moment. I went into it pretty thoroughly. You have copies of it here.

Q. I want to know whether you are intending to suggest that these conferences did not hold their meetings in London because they would have been in conflict with the British laws had they done so?—A. That was the impression I had for years.

Q. So that charge is made upon the impression you had for years?—A. Yes.

Q. Do you know now that their meetings are regularly held in London?—A. I do not know what ones are held regularly in London. I know that almost every month while I was in London I saw a notice in the papers, of Conference meetings on the continent.

Q. Would that not have suggested itself to you that some Continental Conference meeting was being held there?—A. No.

Q. You do not know yet that they have regular offices in London?—A. I do not. I heard so.

Q. You have the volume right in front of you. Have you looked at the chart that has been passed around among the several members?—A. I have heard they have an office in Leadenhall Street.

Q. If it is in conflict with the British laws, surely they would not have opened up an office in Leadenhall Street.—A. You can do a good many things abroad and be safe in London, within the law.

Q. What is the opinion you intended to give the Minister and Parliament and the Canadian public, in that report?—A. Just exactly what is in it.

Q. That the Combines did not dare to hold their meetings in London because they would have been in conflict with the British laws?—A. That is my impression.

Q. Have you anything to back it up?—A. Not at the moment.

Q. You cannot quote any British laws?—A. No.

Q. Do you know whether, as a matter of fact, there is an office in Leadenhall Street in London?—A. I cannot tell you if it is the office that all the Combines use.

Q. Are you prepared to swear that these meetings are held there regularly?—A. No.

Q. So you made that statement without having ascertained whether meetings were there?—A. I never heard of a meeting being held in London. I knew of a good many being held on the Continent for a number of years.

Q. And you go on to say: "it was only after Sir Henry Drayton was able to secure authentic copies of resolutions that had been adopted at the steamships combines meetings that the Canadian and British members of the Combines admitted its existence or operation?"—A. Yes, I say that emphatically.

Q. And you said, in reference to the preceding paragraph, that prior to the Commissioner having been able to dig out that fact the shipping companies assured Sir Henry that there was no such organization as the North Atlantic Steamship Conference or Combine?—A. Yes.

Q. That is your theory?—A. Yes.

Q. You find no reference of that kind in the reference to that in Sir Henry's report?—A. No.

Q. May I direct your attention to page four of Sir Henry Drayton's report, in the second last paragraph:

[Mr. William T. R. Preston.]

"In addition to discussing the matter with the Imperial authorities. I also had the opportunity afforded me of meeting the representatives of the different lines that are in conference with each other and of hearing a statement of their position".

A. Yes.

Q. On page six,

*"Investigation Necessary"*

Notwithstanding the information which I received from the Conference Lines, I am still of the view that an investigation should be held".

A. Yes.

Q. On page eight he refers to the different matters in connection with the Conference, does he not?—A. Yes.

Q. It says:

"I should also inform you that I am advised by the Steamship Conference that the so-called loyalty provision under which a charge of ten per cent was made for primage and which is shown on the official tariffs of the Conference, being "General Minimum Tariff", Number Eleven, effective January one, 1913 and by General Minimum Tariff, Number Eleven "A" for the summer season of 1913, has been withdrawn".

A. Yes.

Q. At page eight, the last paragraph of the second paragraph,

"On the other hand, as at present advised, there would seem to be no reason why standard maximum rates should not be fixed by an independent authority and that no increase should be allowed in standard maximum rates except with the consent of that authority".

You observe that, Mr. Preston?—A. Yes.

Q. On page nine, he speaks of the unofficial conferences that he had with the representatives of the Liners at Liverpool?

The CHAIRMAN: Whereabouts is that?

Mr. MONTGOMERY, K.C.: At the bottom of page nine.

The WITNESS: Yes.

*By Mr. Montgomery, K.C.:*

Q. Do you not think it extraordinary if Sir Henry had first been assured by those people that there was no such thing as a conference and was only able to dig it out after securing authentic copies of resolutions that had been adopted, that he finally got them to admit it. Is it not strange that no reference to that effect should be made in his report?—A. I am not commenting upon it at all.

Q. Perhaps, as Sir Henry has returned, you might repeat your authority for this statement?—A. My authority for stating that Sir Henry Drayton had received the assurance of the Conference Lines, mentioning one of them in particular, that there was no such thing as a conference at all—if you like I will tell you the story from the beginning.

Q. Do you quote Sir Henry as your authority for the statement that it was only after he had been able to secure authentic copies of the resolutions that had been adopted at the meetings, combine meetings that had been held in various parts of Europe, that the British and Canadian members of the Combine admitted its existence and operations?—A. I do, emphatically.

[Mr. William T. R. Preston.]

Q. I will leave Sir Henry to speak as to that?—A. All right.

Sir HENRY DRAYTON: I think I will have to read this report of mine.

Mr. MONTGOMERY, K.C.: For my friend's convenience, as well as for the information of the witness, the United States report is referred to on page 313 of "The Dominions Royal Commission," and possibly in other places as well. I just have that one reference to it here. It is marked "1918."

*By Mr. Montgomery, K.C.:*

Q. Do you know what the condition of the shipping industry was, and the freight situation at the time of Sir Henry Drayton's investigation?—A. No, I cannot say that I particularly charged my mind with it.

Q. Do you know what the situation was at the time of the Dominions Royal Commission?—A. I cannot say that I have charged my mind with it specially.

Q. Is it to your knowledge that at that time there was a shortage of tonnage and a surplus of cargoes?—A. No.

Q. As opposed to the present time?—A. No.

Q. And you have made no enquiries in that respect?—A. No.

Q. Let us pass on to the next paragraph: "Offer to establish Government Control of Freight Rates." Page 8. You quote a letter from a reputable firm of solicitors in London, Messrs. Foss & Co.—A. Yes. I do.

Q. Have you that letter?—A. Here is a copy of a letter signed in pencil by the firm.

Q. Where did you obtain that?—A. I obtained that from a member of the firm.

Q. May I see the letter?—A. Yes.

Q. A member of what firm, the firm of solicitors?—A. Yes.

Q. How did you know that they had written such a letter?—A. Sir Henry Drayton and I had a good many conversations about it previous to it being written. It is addressed to him.

Q. Then is your reproach at the end of it, "To this letter no answer was received," also addressed to Sir Henry?—A. That is not in the letter.

Q. Your comment upon the letter immediately follows though, Mr. Preston.—A. That is the comment in my report?

Q. Yes.—A. Yes sir.

*By the Chairman:*

Q. Page 8, the last line?—A. Yes. That is not part of the letter.

*By Mr. Montgomery, K.C.:*

Q. No, what I asked you was, whether this comment at the bottom was also addressed to Sir Henry?—A. I beg pardon?

Q. You tell us in your report that the Government of Canada received through a reputable firm of solicitors in London, Messrs. K. Foss & Co. an official letter offering to establish an anti-Combine service between Great Britain and Canada. You then quote the letter, and you conclude with the short remark: "To this letter no answer was received."—A. Yes.

Q. Did you investigate at all why no answer was received?—A. No.

Q. Did you enquire who the clients were?—A. I heard of some of them at the time. That is you are referring now to those who were making the offer?

The CHAIRMAN: The clients referred to in the letter.

The WITNESS: Yes.

*By Mr. Montgomery, K.C.:*

Q. Well, any objections to stating?—A. Any objection to what?

[Mr. William T. R. Preston.]



Q. To stating who the clients were?—A. No, the principal one at that time was Howard Houlder. Either Howard Houlder or, the Howard Houlder Shipping Company.

Q. Were they operating a steamship line at that time?—A. Oh yes, a very large steamship office they had.

Q. I understand they are not operating at the present time?—A. I don't know whether they are operating or not. I know him personally. Quite recently he lost a very large sum of money in speculation. Three or four millions. He was a wealthy man.

Q. As a matter of fact, he is in bankruptcy at the present time, is he not?—A. Yes, he is.

The CHAIRMAN: He might have been as right as rain in 1913.

The WITNESS: Oh yes, they had very large shipping offices. Had I better read that letter or put it on file?

Mr. MONTGOMERY, K.C.: I will be very glad; I do not want to prevent you reading it, but it is all quoted verbatim in here.

Mr. SYMINGTON, K.C.: No, not all of it.

Sir HENRY DRAYTON: There is something left out.

The WITNESS: Yes, there is something left out.

Mr. MONTGOMERY, K.C.: A paragraph left out is there?

Mr. SYMINGTON, K.C.: It says; "The letter in question is read in part."

Mr. MONTGOMERY, K.C.: Do you want to fill in the rest of it? I have no objection.

Mr. SYMINGTON, K.C.: People may wonder what it is.

The WITNESS: Mr. Montgomery, before you read it, that is a carbon copy I have given you. The location of the office is not mentioned. I will give you the address, if you do not mind the interruption, if you simply want to get the facts?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: It is: "Number 1 Lombard Court, London. 12th September, 1913."

Mr. MONTGOMERY, K.C.: Shall I proceed to read it?

The WITNESS: Yes.

Mr. MONTGOMERY, K.C.: (Reading):

"We are instructed by clients to inform you that after careful consideration they are prepared to enter into negotiations with the Canadian Government for the organization of a steamship company to run vessels between Great Britain and Canada with a view to the importation of Canadian products to the British and Continental markets upon carrying rates more favourable to Canada than those now in force among the North Atlantic Steamship Conference Lines.

"The definite terms upon which an arrangement of this kind might be effected would necessarily have to be the subject of negotiations with the Government of Canada."

That is the paragraph omitted.

"Our clients would however be prepared to enter into an arrangement for the provision of adequate modern steamships for traffic of all kinds, and would bind themselves in any reasonable way suggested by the Canadian Government:—first, that the line of steamships so established would at no time take any interest share or profit in or act in co-operation or sympathy with any steamship combine or association of owners or

[Mr. William T. R. Preston.]

otherwise in any way to raise, regulate or control the rates for the transport by sea of goods of any class to or from any port. Secondly, that subject to such precautions as would suggest themselves to any business man these rates for goods shall be submitted to the control of the Board of Railway Commissioners of Canada.

"Our clients are prepared to provide steamships under these conditions sufficient to maintain an adequate service within a few weeks of the final arrangements being effected with the Canadian Government, pending the construction of special steamships built for the service.

"We might add that we have endeavoured here merely to sketch the guarantees our clients are prepared to agree to in the most specific terms, as the basis of any agreement which the Canadian Government might enter into.

"We should be obliged if you would favour us with a reply in due course, and we are, Dear Sir, yours faithfully."

And that is signed by, whatever the name is.

The WITNESS: I think it is F. Foss & Co., or F. Foss & Son. I am not sure which.

*By Mr. Montgomery, K.C.:*

Q. "Frederick Foss & Sons." here. It is addressed to: "H. L. Drayton, Esq., Chairman, Board of Railway Commissioners, Ottawa." So that the paragraph apparently which you have omitted from your report contains the provision first that the terms would have to be the subject of negotiation with the Government of Canada.—A. I wanted to shorten the letter and I just put the salient points in.

Q. Second, a reference to the guarantees which the clients were prepared to provide.—A. I do not know just what paragraphs were left out. I wanted to make it as short as possible.

Q. In any event, some importance would be attached to these guarantees, would it not?—A. Yes, I see that now.

The CHAIRMAN: Unless that is filed, I think it is well that it should be entered in the records.

Mr. MONTGOMERY, K.C.: Now let us leave the Dominions Royal Commission report to speak for itself and go on to page 10: the Imperial Shipping Board.

Mr. MONTGOMERY, K.C.: Shall we take up another chapter, Mr. Chairman?

The CHAIRMAN: Suit yourself, Mr. Montgomery. Far be it from me to dictate to you what you should do.

*By Mr. Montgomery, K.C.:*

Q. Now, Mr. Preston, I will ask you to look at the paragraph in your Report in reference to the Imperial Shipping Board, page 10?—A. Yes.

Q. Do you know when that Imperial Shipping Board was constituted?—A. No, I do not at the moment, sir.

Q. Let me suggest to you that it was constituted in 1920.

The CHAIRMAN: 1920 or 1921?

Mr. MONTGOMERY, K.C.: 1920, the 15th of June, 1920.

The CHAIRMAN: The Imperial Shipping Committee?

Mr. MONTGOMERY, K.C.: Yes, the Imperial Shipping Committee.

The CHAIRMAN: When, do you say?

Mr. MONTGOMERY, K.C.: The 15th of June, 1920, my instructions are.

The CHAIRMAN: It was in June, 1920.

[Mr. William T. R. Preston.]

*By Mr. Montgomery, K.C.:*

Q. Do you know how it was composed, Mr. Preston?—A. I do not.

Q. You evidently had not a very high opinion of it, judging from your comments?—A. I do not see anything particularly hard in my paragraph.

Q. I will go over it with you:—

“It is fair to conclude that the Imperial Shipping Board, London, is the outcome or the result of the recommendation referred to.”

That is, the resolution or recommendation of the Dominions Royal Commission?—A. Yes.

“But in how far this Board has fulfilled the expectations of various Dominion Governments, Canada has had a peculiar experience, incident to the long period that elapsed before Canadian Milling interests could secure sympathetic consideration by the Board, in connection with the discrimination against the products of Canadian flour mills and of Canadian cereal mills that prevailed in the Conference rates from Canadian ports to Great Britain, in comparison with the prevailing rates from United States ports to the United Kingdom.”

Then you conclude:—

“The Board is helpless in relation to minor as well as major offences that may be and are committed by this monopolistic Combine. Therefore, it is not difficult to conclude that no possible relief in the Canadian situation can be looked for from that source.”

A. Yes.

Q. That is your opinion?—A. Yes.

Q. Well, let us deal with the grounds for it, the complaint of the Canadian milling interests and the long period of time that elapsed. Do you know when the complaint of that organization was brought to the Board?—A. I could not tell you the date.

Q. Give it to us approximately?—A. I cannot give you approximately the date.

Q. Well, before making so serious a statement in reference to the Imperial Shipping Committee, surely you made some inquiry as to the period of time that elapsed from the time they were addressed with reference to the subject?—A. I could not tell you. We saw a good deal in the Press about it.

Q. Please, Mr. Preston; if you made this statement without investigating the subject, just tell us so and we will not need to bother cross-examining you upon it any further. Did you or did you not investigate, to see what interval of time had elapsed between the time this complaint was brought before the Imperial Shipping Committee and the Judgment?—A. I could not tell you the time.

Q. You obviously intended to suggest that there was considerable delay on their part in handling the matter?—A. Yes, or delay in getting it handled, delay in getting something done.

Q. It is intended to reflect in some way upon the competency of the Shipping Committee to deal with matters of this kind, so far as the milling interests were affected?—A. You can put it in that way if you like.

Q. That is all of record in the departmental files, is it not?—A. I could not tell you.

Q. You looked at the departmental files?—A. I did not. I think there is some reference to it there, but I could not tell you what it is.

Q. As a matter of fact the files upon the subject have been detailed to the House, have they not?—A. I could not tell you.

[Mr. William T. R. Preston.]



Q. Are they present in this Committee room?—A. I could not tell you.

Q. That is a serious charge to make against this body. What warrant had you for making it without investigating?—A. If I did not investigate the whole of it, I know considerable time had elapsed, I knew that there had been considerable trouble about it, and I knew that something ought to be done. I think that is a fair historical account of what had occurred.

Q. That is, "Canada has had a peculiar experience, incident to the long period that elapsed before Canadian milling interests could secure sympathetic consideration by the Board."—A. Yes.

Q. Also, "Therefore, it is not difficult to conclude that no possible relief in the Canadian situation can be looked for from that source."—A. I quite believed that.

Q. If you never investigated how the matter was handled by the Imperial Shipping Committee, what warrant had you for making that suggestion?—A. What warrant had I for making that suggestion in reference to the Imperial Shipping Committee?

Q. Yes?—A. I think I had every warrant, in the speeches delivered by Sir Halford MacKinder last year, that is, that we could look for no relief from that Committee.

Q. We are discussing the long period that elapsed before the Canadian milling interests could secure some sympathetic consideration.—A. I thought you were at the second paragraph. You went on to the other first.

Mr. SYMINGTON, K.C.: I again point out that my learned friend joins up one sentence in one paragraph with the conclusion of another, on an entirely different matter.

Mr. MONTGOMERY, K.C.: He gives his illustration, and draws his own conclusion from it.

Mr. SYMINGTON, K.C.: He draws his conclusions from the words in the opening paragraph, that the Imperial Shipping Committee is simply a committee appointed by the British government to inquire into all matters with respect to freight rates, and to report to the British Government, not to anybody else.

*By Mr. Montgomery, K.C.:*

Q. Mr. Preston, I would like to suggest to you that the first time the attention of the Imperial Shipping Board was drawn to this matter was in a letter from the Minister of Trade and Commerce, dated the 13th of November, 1923?—A. I could not tell you.

Q. In a letter on the departmental files addressed to Sir Halford Mackinder, Chairman of the Imperial Shipping Committee, London, England, confirming a cable sent at that time. You made no search to see what delay had taken place?—A. No, sir, I did not see that correspondence.

Q. I would also draw your attention to the fact that—and you can verify it from the correspondence—it was immediately taken up by the Imperial Shipping Committee.—A. And when was the decision given?

Q. The decision, Mr. Preston, was not given before investigating the facts?—A. A long time elapsed over it.

Q. After looking into the matter they suggested that they should come out here and take evidence?—A. The Committee thought they should come out here.

Q. The Committee thought they should come out here and take evidence upon the subject?—A. Yes.

Q. Do you know when the invitation to come out here was forwarded?—A. I could not tell you; some time about the time I reached London, I think, or some time after that. I know they got the money that was intended to pay my expenses. That was all that bothered me at the moment.

[Mr. William T. R. Preston.]

Q. What is that?—A. They got the money that was intended to pay my expenses.

Q. As a matter of fact what took place was this, was it not, that they offered to come out personally and investigate the whole thing and go across the country, and the suggestion was made by the High Commissioner that they would be prepared to do this if Canada would pay their actual travelling expenses?—A. I don't know anything about that at all.

Q. And drawing attention to the fact that the British Government was supporting the entire expenses of the Commission otherwise, salaries and all other expenses?—A. I could not tell you.

Q. Then let me ask you to verify this fact, which you can do from the files, and should have done before, at least that is my suggestion, that it was arranged as between the Canadian Government and the Imperial Shipping Committee that they should come out here in April; will you verify that fact, if you have any doubt about it?—A. I will look up that fact for you.

Q. And that they arrived here on the 12th of April to take evidence; that is a fact I would like to ask you to verify, and that on the 19th of April, seven days later the whole matter was fixed up?—A. I will look at the files.

Q. If those were the facts, they would not confirm the statement that there had been any undue delay on their part?—A. I would not like to express an opinion until I see the files.

Q. You have been expressing some opinions all over the place, have you not?—A. I have been expressing some opinions; there isn't much doubt about that.

Q. For instance, in an interview which we quoted yesterday you say:—

"I want to laugh when I read the suggestion that the facts should have been referred to Sir (Halford) Mackinder, Chairman of the North Atlantic Shipping Conference."

I suppose he got the name wrong. It should be the Imperial Shipping Committee?—A. I did not attribute him to be a member of the North Atlantic Shipping Conference.

Q. "They might just as well be referred to the newspaper which is simply the mouthpiece of the corporations."—A. I think so.

Q. "If the Government were so foolish as to place the issue in his hands, I would be amazed."—A. So I should.

Q. "It is purely a domestic issue."—A. I don't know that those are my words, but I endorse them all, absolutely.

Q. Do you know how this Imperial Shipping Committee was made up?—A. I have seen the name.

Q. Do you know, without bothering much about the names, what the composition of it is?—A. I don't know. I could not tell you the composition of it. It was a Committee.

Q. Let me suggest to you that there were fourteen members on the Committee?—A. Yes? I don't know; you are saying so.

Mr. SYMINGTON, K.C.: It seems to have been big enough to be unwieldy, anyway.

Mr. MONTGOMERY, K.C.: I said there were fourteen members on the Committee; I should have said nine.

*By Mr. Montgomery, K.C.:*

Q. Of those the Colonies had five, and the Home authorities, the British Government, had three, besides the Chairman?—A. I don't know; I could not tell you.

Q. You do not know that?—A. No.

[Mr. William T. R. Freston.]

Q. The Dominions and the Colonies—I will use that term for them all. While I am getting that information—I would like to have it accurately on the record—you had quite a lot to do with Mr. Larkin, the High Commissioner?—A. No, not a lot.

Q. In any event, you know he is on the Commission?—A. Yes, I know Mr. Larkin is on the Commission.

Q. As the Canadian representative?—A. Yes.

Q. You have a high opinion of his judgment?—A. I have a high opinion of his judgment, very high.

Q. You have no doubt about his interest in Canada?—A. None in the world, and he would be the last man in the world who would advise you to go to that Committee.

Q. I would like to ask you, when you are looking at the departmental files, to look at a letter of March 1st referring to the Imperial Shipping Committee?—A. Yes.

Q. In which he says:—

“The Committee is certainly very hard worked. The meetings last well on to 7 o'clock, but Sir Halford Mackinder, the Chairman, is a very capable man, and is quite favourably disposed towards Canada.”

Do you take issue with that statement?—A. I do.

Mr. KENNEDY: Who sent that letter?

Mr. MONTGOMERY, K.C.: The letter is signed by Peter C. Larkin, addressed to the Minister of Trade and Commerce.

The WITNESS: That is, that he takes a very great interest in Canada, for Canada's good. I do not think he does, judging by his speeches.

*By Mr. Montgomery, K.C.:*

Q. Even with that letter, the original of which you can see in the files, you venture to set up your opinion against that of Mr. Larkin?—A. I do, with that qualification I gave you.

Q. And to launch the criticism you have made in your report?—A. Yes, I think my criticism is justified as to Sir Halford MacKinder.

Q. Now, I have before me a list of the committee, so as we have spoken of it we might as well put it in the record. We have Sir Halford MacKinder, the Chairman, and three representatives of the United Kingdom, government officials; five from the Dominions, and the remainder of the Commission is made up of two representatives of the shipping interests and three representatives of the shippers, experts in commerce, a fact which can be verified from the Imperial Shipping Committee's reports.—A. Yes. A lot of interest they take in Canada.

Q. A lot of interest they take in Canada?—A. Yes. They would, in my opinion.

Q. Mr. Larkin to the contrary?—A. No, not Mr. Larkin. He is only one

Q. Mr. Larkin's opinion to the contrary?—A. Yes. Mr. Larkin's opinion of the committee be what it may, I have lived in England for nearly 20 years and I think you will get very little consideration in a matter of this kind before that committee.

Q. As evidenced by their handling of the milling situation, which you have used as an illustration?—A. As evidence by Sir Halford MacKinder's speeches when he was over here.

[Mr. William T. R. Preston.]



Q. Will you look at the Departmental files in connection with that very matter and tell us what you find?—A. Yes. I read his speeches, and I have letters about them.

The CHAIRMAN: Gentlemen, Mr. Montgomery suggests that we should adjourn now, and I think his suggestion is a very wise one.

The witness retired.

The committee adjourned.











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